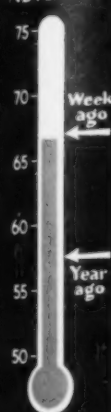


NOV. 9
9 3 5

BUSINESS WEEK

BUSINESS
INDICATOR



MCGRAW-HILL
PUBLISHING
COMPANY, INC.

20 CENTS

IN POWER PICTURE — Wilson Dam, white elephant of Muscle Shoals and one reason for the TVA venture. Storage of water to increase its usefulness has begun at the new Norris Dam.

ANN ARBOR MICH
GENERAL LIBRARY
UNIVERSITY OF MICHIGAN BW

Meet Today's Competition
With Today's Most Effective Profit-Creating Tools

George S. May Management Controls for Executives

INDUSTRY needs management controls, through executive incentives, more than it needs wage plans for direct and indirect labor.

The George S. May Company has met that need by providing the tools that executives must have to control expenses.

May management controls are the result of fifteen years experience on the part of May engineers in helping 1,285 manufacturing plants with their production problems.

May management controls are graphic charts designed for each department and key man from the president down. They automatically keep expenses in direct proportion to plant activity.

Under this plan, the burden for controlling expenses is placed on these supervisors. The controls are effective because they are made a part of the earnings of these men.

This plan pays key men extra money only when existing conditions are improved and consequently the plan does not become an added expense to operations.

What will May Management Controls do for you?

1. They will point out the weaknesses in each department, and show just exactly where Management should concentrate.
2. They place every dollar of expense under some Key Man's Control.
3. They will enable you to criticize constructively. No longer will you have to call a man in and ask, "What is the matter in Your Department?"
4. They will pay your Departmental Heads more money only if they actually earn it; you will not have to increase salaries. This plan enables each man to determine his own earnings in direct comparison to his accomplishments.
5. They will reduce your scrap percentage because quality is one of the predominating elements.
6. They will automatically reduce your manufacturing expense when requirements go down, and will likewise hold expenses in restraint when production is increasing.
7. They will keep your Key Men on the alert for Cost Reduction possibilities at all times.
8. They will promote harmony in your Company, increase Executives' wages, and bring higher profits to the Stockholders.

WRITE OUR NEAREST OFFICE FOR MAY FACTS NO. 13 SHOWING AN 11"x17" CONTROL CHART

GEORGE S. MAY COMPANY

CHICAGO: 2600 North Shore Ave.
SEATTLE: 747 Dexter Horton Bldg.

NEW YORK: 122 E. 42nd St.
HUGO, OKLA.: Box 43

CANADA: George S. May, Ltd., 18 Toronto St., Toronto

Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—New Deal has slipped from high peak of 1934 to below '32 level in New York State, whose 47 electoral votes are essential to Republican victory so long as farm belt sticks to AAA. It has tobogganned in New Jersey and Ohio to point of repudiation, as it already had in New England on the showing of the Rhode Island election last July.

But—if Roosevelt had been running last Tuesday figures indicate he would have been re-elected. So the whole question is whether tide now running against White House continues as rapid in next year as in the last.

New York Still Democratic
Regaining of Assembly control in New York pleases Republicans. It shows trend, may prevent legislative gerrymander. But electoral votes are decided by statewide pluralities and Democrats led Republicans in whole state by about 360,000. However, this is a sharp drop from Lehman's 800,000 in 1934, and well below Roosevelt's 1932 plurality—594,996.

Philadelphia Turns Back
Philadelphia's vote reveals similar curve. Republican nominee for mayor polled about same percentage of total as did Hoover in 1932. But Pennsylvania went for Hoover in '32 and went strongly Democratic in '34. Same type of recession in New Deal sentiment is indicated.

Effect in Washington
Demonstration that New Deal has slipped so sharply will weaken Roosevelt's control of Congress, result in many Senators and Representatives figuring out vote on each bill from standpoint of feeling back home, stop reliance on Roosevelt to pull them through next November.

Commodity Control Sure
Commodity exchange regulation, always part of Roosevelt's reform program, will be among first enactments of next Congress. Supervision will probably be vested in expanded Grain Futures Administration under Agriculture Department, not in SEC which most traders would prefer.

For a Better Budget
Arguing for sounder, better-appearing budget statement in January is fact that only half of last April's \$4,880 millions for relief has been spent to make jobs. Work projects get just 51% of total fund; prolonged direct relief has taken 23%, other purposes, 6%; administrative

BUSINESS CATCHES ON

Plant modernization loans are climbing. After 2 months of telling business that FHA loans, up to \$50,000 per project, were available, total for loans over \$2,000 stands at \$5.5 millions. Of \$54 millions for all modernization loans in August and September, industrial and commercial ones were 13.7%. And this is conservative, for many loans under \$2,000 for business purposes were not so classed.

expenses, 2%; Roosevelt is holding back 18%, approximately \$866 millions. This is a bulwark against need for continued direct relief next year and an alternative source of funds if Supreme Court knocks out processing taxes.

Private Financing Gets Call
Private financing will continue to supply big utilities with money. Several important projects now seeking 3% money from Rural Electrification Administration will shortly be withdrawn, and of \$2,339,612 for 11 projects only \$6,100 goes to a utility. Administrator Cooke explains that pending utility projects are complicated, take time to digest. But he sees trend back to private financing.

Wage Rise Jinxes NRA
Trouble looms for Berry in his effort to make case for NRA rejuvenation. Despite his request for labor union snooping, returns indicate that both hourly and weekly earnings, especially for unskilled workers, are higher so far this year than in comparable period last year before Schechter decision. Improvement in weekly earnings is actually equal to the gain of 1934 over 1933, indicating increased business activity, not NRA, was lifting force.

Berry Has an Out
Ace up Berry's sleeve is improbability that 60 industries, each with two plans, one for capital and one for labor, can agree on any definite

course. Whereupon Berry will report to President that industry cannot devise scheme—so why not impose one?

Stepping on Corn
Head-on collision between State Secretary Hull and corn growers is scheduled for early next session. To win larger share of alcohol market, they want heavy excise tax on molasses, even on that used industrially. Demands run smack into Cuban reciprocity treaty, only one to which Hull is pointing with pride.

Sumatran Starch Problem
"Hot potato" act is helping campaign to develop market for agricultural products among such non-food commodities as starch. This will bring another fight to boost tariff or excise taxes. And Hull wants reciprocity treaty with Netherlands, whose Java and Sumatra colonies are important starch producers.

Canadian Treaty Wind-up
Reciprocity with Canada, defeated generation ago by Champ Clark's intimation that United States would annex Dominion, seems virtually sure as Mackenzie King, low tariff advocate, and Cordell Hull, confirmed free trader, meet face to face. Northwestern lumber interests are despondent at prospect of treaty before Christmas. Some ticklish points—notably, what to do about certain products of which Canada produces little and on which our "most favored nation" clause would result in Japanese dumping—still embarrass negotiations but should be removed.

That Utility Act Decision
To register or not to register with the SEC is the burning utility question of the moment, with the legal deadline Dec. 1. Executives wavering between complying and making an issue of this first step in federal regulation were inclined toward the latter course this week when Judge Coleman in the Federal District Court in Baltimore declared the Utility Act invalid on 4 counts.

New Deal Exodus?
George Peek, relegated to sidelines after his unsuccessful effort to develop foreign trade by barter, may follow Hugh Johnson, another Baruch lieutenant, out into the cold. This wouldn't change the existing situation much if he kept quiet but it might be highly embarrassing to the New Deal if he became as vocal as the ex-cavalry officer. Anti-Tugwell career men in food and drug regulation are privately threatening to follow same course.

Short Stories of BIG SUCCESSES

won by wise advertisers in the past five years of depression

AS an American institution, the Success Story has suffered eclipse in recent years. And the pleasant pastime known as "pointing with pride" has likewise acquired the stigma of bad taste.

Nevertheless, at the risk of seeming immodest, we are impelled to relate the experiences of certain clients of Lord & Thomas in the last five years of depression.

Because those experiences are important to other advertisers.

Because they show the way to advertising that functions profitably and effectively, even in time of stress.

Because they prove that true salesmanship-in-print most surely finds the answers to the selling problems of today.

Here then, are a few of these many experiences:

Proof of the Pudding

In one case, an advertiser has paid a ten-year advertising bill, running into millions of dollars annually, entirely out of increased profits. While doing this, his company's earnings were enlarged by an even greater amount, purely and simply through salesmanship-in-print applied to a single product.

* * *

Another—a food product. One of the oldest in America. So well entrenched, so familiar to all, that one might say advertising could do little more than sustain volume. Yet new salesmanship-in-print of compelling interest increased its sale more than 35% in the past year. And in one stroke, solved a host of vexing problems of private brand competition.

* * *

Another—a drug product. One year ago it was going back. In fact, a business consultant advised discontinuing the operation entirely. Today, it is

making money. It is entrenched with consumers. And enjoys the preference of the best outlets in drug distribution. The whole difference was the type of salesmanship-in-print.

* * *

Another—a packaged product. Last November this brand was starting from scratch. The manufacturer dreamed of a nation-wide demand. And geared up manufacturing to supply it. His advertising began a few days before Christmas. Within five months, sales on this one item alone far exceeded \$2,000,000.00 a month. In its industry it is the outstanding example of demand created by advertising.

All in the "REASON-WHY"

These are the rewards of salesmanship-in-print. Advertising that gives, in an interesting way, REASONS-WHY it is in the consumer's interest to buy what you have to sell.

A product does not have to be new to yield new advertising ideas.

Men with *feel* for ideas that *sell*, often dig great advertising success out of seemingly barren ground.

Check your advertising for its value as salesmanship-in-print. Perhaps your great REASON-WHY has never been told. Some of our greatest successes are made with products in which others fail to find a winning idea.

Advertising success, like all commercial success, depends on getting big men behind you. The whole question centers on *who can sell the most for the money.*

In answer to that question—

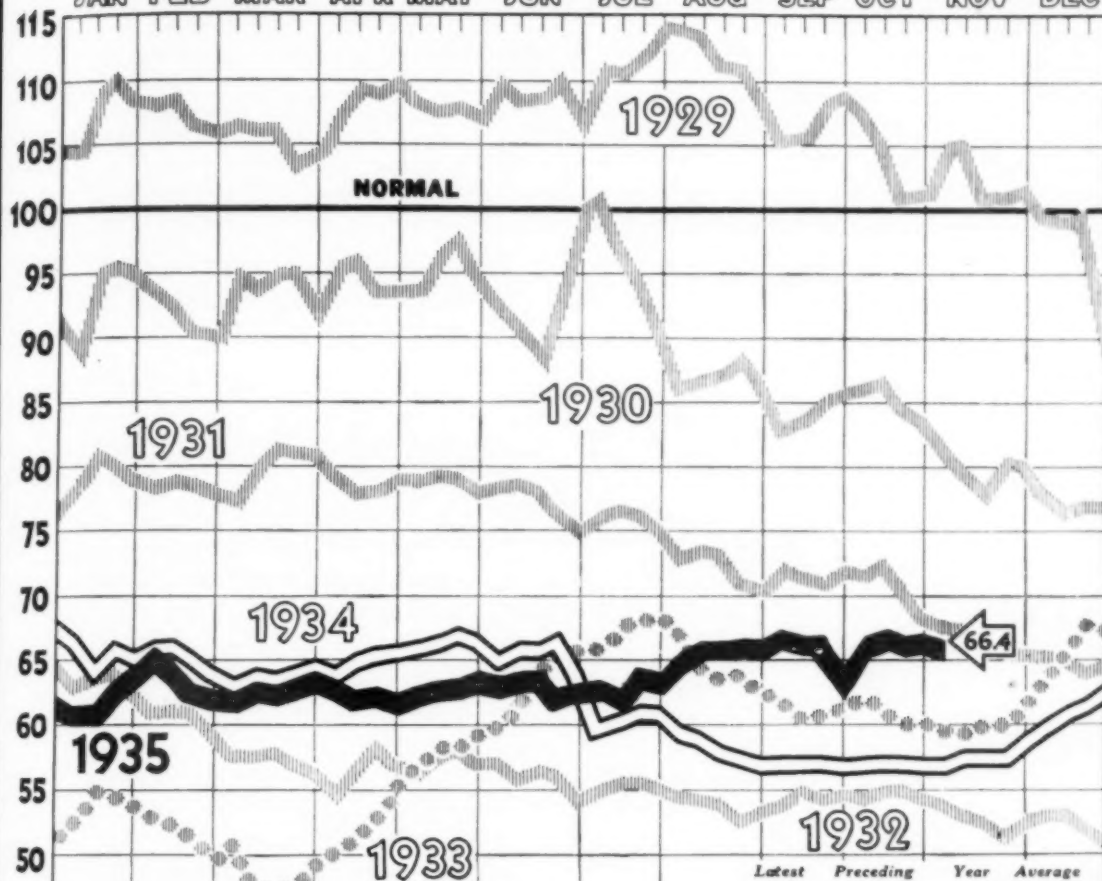
There are more success stories in Lord & Thomas today than ever before in our history. And that covers a lot of ground. In the past five years of depression alone we have invested in advertising for our clients \$180,000,000.00.

LORD & THOMAS · *advertising*

There are Lord & Thomas offices in New York; Chicago; Los Angeles; San Francisco; Toronto; Paris; London
Each office is a complete advertising agency, self-contained; collaborating with other Lord & Thomas offices to the client's interest

WEEKLY INDEX OF BUSINESS ACTIVITY

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC



BUSINESS WEEK INDEX

PRODUCTION

	Latest Week	Preceding Week	Year Ago	Average 1930-34
★ Steel Ingot Operation (% of capacity)	50.9	51.9	26.3	28.9
★ Building Contracts (F. W. Dodge, daily av'ge, thousands, 4-week basis)	\$7,280	\$7,390	\$5,133	\$7,687
★ Bituminous Coal (daily average, 1,000 tons)	*1,345	†1,344	1,195	1,359
★ Electric Power (millions K.W.H.)	1,897	1,896	1,869	1,634

TRADE

	Latest Week	Preceding Week	Year Ago	Average 1930-34
Total Carloadings (daily average 1,000 cars)	118	122	104	120
★ Miscellaneous and L.C.L. Carloadings (daily average 1,000 cars)	75	77	68	77
★ Check Payments (outside N. Y. City, millions)	\$3,598	\$3,914	\$3,197	\$3,451
★ Money in Circulation (daily average, millions)	\$5,708	\$5,699	\$5,470	\$5,289

PRICES (Average for the Week)

	Latest Week	Preceding Week	Year Ago	Average 1930-34
Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.13	\$1.14	\$0.99	\$0.70
Cotton (middling, New York, lb.)	11.39¢	11.32¢	12.34¢	9.23¢
Iron and Steel (STEEL, composite, ton)	\$32.98	\$32.85	\$32.13	\$30.69
Copper (electrolytic, Connecticut Valley basis, lb.)	9.250¢	9.250¢	9.000¢	7.763¢
All Commodities (Fisher's Index, 1926 = 100)	85.0	85.3	78.7	72.3

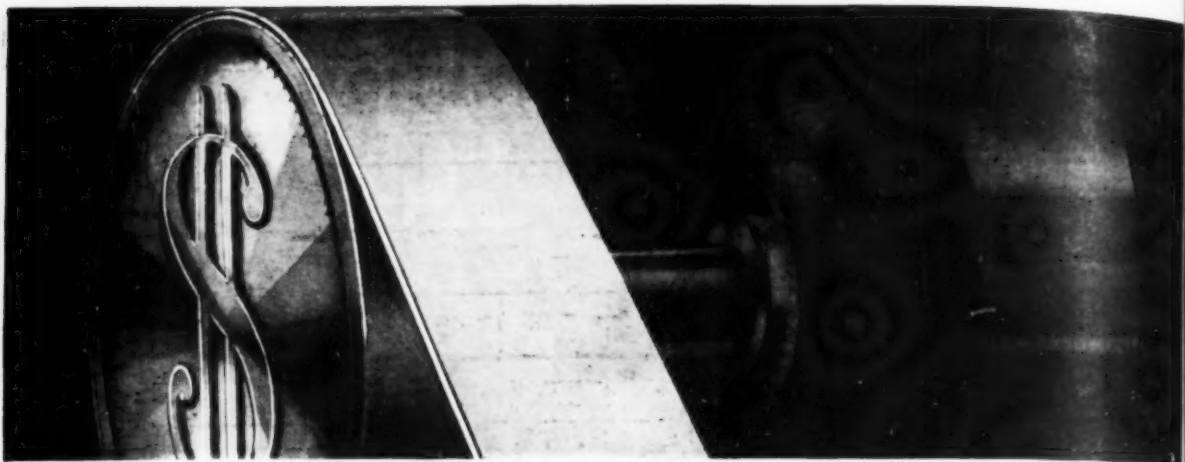
FINANCE

	Latest Week	Preceding Week	Year Ago	Average 1930-34
Federal Reserve Credit Outstanding (daily average, millions)	\$2,479	\$2,478	\$2,457	\$2,089
Loans and Investments, Federal Reserve rep't'g member banks (millions)	\$19,027	\$18,981	\$17,837	\$17,188
★ Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,536	\$4,535	\$4,756	\$4,987
Security Loans, Federal Reserve reporting member banks (millions)	\$2,889	\$2,918	\$3,051	\$3,480
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$923	\$948	\$846	\$1,728
Stock Prices (average 100 stocks, Herald Tribune)	\$109.67	\$109.21	\$96.28	\$104.25
Bond Prices (Dow, Jones, average 40 bonds)	\$96.30	\$96.22	\$93.22	\$86.76
Interest Rates—Call loans (daily av'ge, renewal) N. Y. Stock Exchange	.55%	‡%	1%	1.5%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	‡%	‡%	‡-1%	2.2%
Business Failures (Dun and Bradstreet, number)	239	242	233	419

* Factor in Business Week Index * Preliminary † Revised ‡ 1932-34 average § New series.

This Weekly Index of Business Activity is covered by the general copyright on the contents of *Business Week* and may not be reproduced without special permission.

BUSINESS WEEK



Speed Up **Your Capital Turnover!**

Let the modern power of our credit-checking and financing services accelerate your working capital. Increased turnover, lower manufacturing costs and greater profits are bound to follow.

Whether your problem is one of plant improvement or extension... or of financing raw materials for increased sales volume... commercial factoring can probably make your present capital adequate.

Mail the coupon below for the complete story.

COMMERCIAL FACTORS CORPORATION
TWO PARK AVENUE NEW YORK

Commercial Factors Corporation
Two Park Avenue • New York
Dept. B11

I would like to know more about commercial factoring as it would apply to our business.

Name.....

Firm Name.....

City..... State.....

The
THERE
pace last
for the
have pro
until Jan
actions
But so
week, a
stocks an
celeratin
recovery
are app
trial volu
of the c
tinue to

Wea
Weather
on retail
down sal
usually w
stimulati
goods fro
Coast, wh
the freez
shipping
ing to the
this year
tially ahe
in financ
more get
year than
securities
trated the
the first

A
Motor
pleased v
their 19
shows. I
ers well
orders ha
productio
being sto
November
pected to
ber will
total. In
safely co
than 300
until nex
sales in
below th
best for
convinced
market 1

Motor
In line
on the 1
report th
productio
among r
livery s
spring o

NOVEMBER

The Business Outlook

THERE is little significance in the slight slackening of the business space last week. Steel activity receded a full point, but the outlook for the next few months continues most favorable. Carloadings have probably passed their fall peak and are now headed downward until January, but with a good margin above 1934. Check transactions declined from the preceding week's high point.

But soft coal production holds at the level of 8 million tons a week, and yet industrial coal stocks are shrinking under the accelerating demands of business recovery. Public works contracts are appearing in more substantial volume, and other branches of the construction industry continue to make a good showing.

Weather Hurts and Helps

Weather conditions left their mark on retail trade last week, slowing down sales in the East, where unusually warm weather prevailed, but stimulating the movement of winter goods from the Central states to the Coast, where temperatures dropped to the freezing point. Judging from shipping reports of wholesalers catering to the gift trade, Christmas buying this year is expected to run substantially ahead of last year. Employees in financial centers look forward to more generous bonus payments this year than last, in view of the better securities volume. Stock prices penetrated the 1926 average this week for the first time in 4 years.

Auto Orders Pile Up

Motor manufacturers are well pleased with the reception accorded their 1936 models at the national shows. Despite efforts to supply dealers well in advance of show dates, orders have frequently run ahead of production schedules. Operations are being stepped up each week. If the November output reaches the expected total of 300,000 cars, December will probably see an even better total. In fact, Detroit thinks it can safely count on assembling no less than 300,000 cars a month from now until next June. Reports that motor sales in October, though naturally below those of September, were the best for any October back to 1930, convince producers that a tremendous market lies ahead.

Motors Buy Tools for '37

In line with *Business Week's* stress on the 1937 motor market comes the report that equipment orders for 1937 production have already been placed among machine tool plants, with delivery scheduled to begin in the spring of 1936. This unprecedented

G. M.'S \$60 MILLIONS

As a further contribution to the general effort to stabilize automobile employment through the November introduction of new models, General Motors has appropriated \$60 millions to permit inventory accumulation in the duller selling months. Supplementing the \$50-million plant expansion program of July, these funds will help iron out the peaks and valleys in jobs and pay-checks not only in the motor industry, but also in steel, tire, glass, and motor accessory plants.

foresight on the part of the motor industry has left machine builders speechless. The move indicates the lengths to which the industry is prepared to go to insure smooth production schedules for the all-important 1937 market, both from the mechanical and the labor angles. It may also indicate the trend of a leading industry to increase mechanization and thus reduce payrolls subject to tax under the new security legislation.

Steel Prices Pointed Up

This week's rise in semi-finished steel prices by an important U. S. Steel Corp. subsidiary followed the general increase in pig iron prices last month. It would be no surprise to find finished prices also headed upward shortly, though consumers will no doubt have ample time to cover requirements for some period ahead. Presumably the advance indicates that some readjustment of wages may be tolerated.

Large Steel Orders Expected

This week's slight recession in the steel operating rate did not dismay the industry. Threats of price increases will drive in considerable business. Heavy motor volume seems assured for several months. Demand for construction steel is on the upward grade. So is railroad buying. Southern Pacific contemplates a \$1.6-million air-conditioning program for 1936. The Pennsylvania will resume

its electrification program, and add 100 locomotives to its equipment building project, mentioned last week. Tin plate mills are increasing their activity. October pig iron production ran nearly 8% ahead of the September daily rate, forecasting a good gain for steel. Twelve more blast furnaces were in operation on Nov. 1 than a month earlier.

Electrical Goods in Demand

That recovery in durable goods is established on firm ground is evident from the new orders received by 78 leading electrical goods manufacturers. In the quarter just closed, new business reached the highest third-quarter volume since 1930, and was 41% greater than last year. Orders for the first 9 months totaled over \$398 millions, 24% better than the same months of 1934, and more than for the entire year of either 1933 or 1932.

Oil-Burners' Rise Amazing

In the same quarter, the oil-burner industry did a prodigious business. September's new orders of 33,385, and shipments of 31,311, left chartists totally unprepared for the sudden bulge. Curves had to be extended beyond chart margins to accommodate the increase of nearly 100% above a year ago. Manufacturers cut deeply into stocks to fill orders.

Construction Has Sharp Rise

October construction in the 37 states covered by F. W. Dodge crossed the \$200-millions-a-month mark for the first time since December, 1933. All three divisions hit new highs for 1935. Residential with \$55.1 millions exceeded September by 32%, last year by 110%; non-residential with \$59.4 millions boasts margins of 20% and 36%; public works and utilities with \$86.3 millions stands 13% above September, 32% above October, 1934.

Shoes in Seasonal Decline

Shoe production apparently arrived at its customary peak in August, and is now in a period of decline that will last to the end of the year. The output for the first 9 months runs less than 1% ahead of 1934. Price increases have been announced by several leading producers.

Dividends Best in 4 Years

October dividend declarations were the highest for the months in 4 years. Some 534 extra dividends have been posted in the first 10 months this year, compared with 402 last year. The principal gains last month compared with a year ago occurred in motor, copper, food and packing, motor equipment, steel, tobacco.

Why It Paid This Company to Buy G-E Apparatus

FOR the past twenty years, a prominent Massachusetts textile manufacturer has used 4000 G-E motors in its weave shed. The motors have operated an average of 41 hours a week, 50 weeks a year, for each of the 20 years, and are continuing this record. As a measure of their reliability, the record shows that less than 5 cents per motor per year was spent for repairs.

Such availability of equipment helps assure continuous profitable operation, year after year. Such reliability is the best assurance against unnecessary interruptions to production—outages that may cost from hundreds to hundreds of thousands of dollars a year.

For over 40 years, General Electric has been assisting an *increasing* number of purchasers to obtain *continued* satisfactory service and profitable results from their investments in electric equipment. General Electric Company, Schenectady, N. Y.

Dependability is difficult to include in specifications, but easy to get if you insist on General Electric equipment.

GENERAL  ELECTRIC

BUSINESS WEEK

NOVEMBER 9, 1935

Farmer Grows Bumper Wallet

His cash buying-power this year increases \$400 millions; he buys industrial products and cleans up his debt. Continued gains for 2 or 3 years are predicted.

In the architecture of the economic house, the farm pillar stands out as an exceedingly sturdy one. Up to the end of September, farm cash income was a full quarter billion dollars ahead of last year, and it is practically in the bag that the entire calendar year will produce an increase of \$400 millions. In nearly every department the farmer is prospering, with the result that aggregate farm buying-power has been making industry sit up and take notice.

The farm implement industry can testify loudly to the new farm welfare with an indicated sales record this year of \$350 millions, 75% more than last year. And as farm financial activity loosens up after the long stagnation, other important beneficiaries are the granger railroads, processors and handlers of home commodities, manufacturers of paint and building repair materials, mail-order houses, automobile companies, and even the mechanical refrigerator and radio companies.

A big help to the enlargement of the farm market for industry's products is the general clean-up in farm debt. Country banks and manufacturers holding old paper are swimming in collections. In some instances in the farm implement trade, collections so far this year actually total as much as new sales.

Now—a Long Look Ahead

That is the pleasant 1935 picture. And this week the Bureau of Agricultural Economics came along and put a fancy frame around the scene with the "Agricultural Outlook for 1935-36," which fairly reeks with hopefulness and promises even greater gains for periods of perhaps as much as 2 or 3 years ahead.

The bureau estimated 1935 cash farm income at \$6.8 billions, a jump of \$400 millions over last year and some \$2.5 billions above the low level of 1932. If, according to the bureau, production is held to reasonable limits, there is no reason why farm welfare should not continue to improve in the wake of predicted advances in industrial activity and prices.

The "if" is a warning that goes right down AAA's alley. In effect it is being hinted that a tight rein must be kept

on farm production, and the recent history of cotton is pointed out to suggest that probably there has been permanent loss of some export markets for our farm products, and that we cannot hope to jump our output to old levels without first being sure of what we can recapture in export outlets.

There is another slant to farm production limitation which has not been suggested. That is the trend toward intensification, since adjustment programs have become the rule and since the farmer has been getting some money. This year the major direction of farm buying was in capital goods, things which the producer can use to make his plant yield more with greater economy. This is just one more of the multitudinous problems which AAA faces.

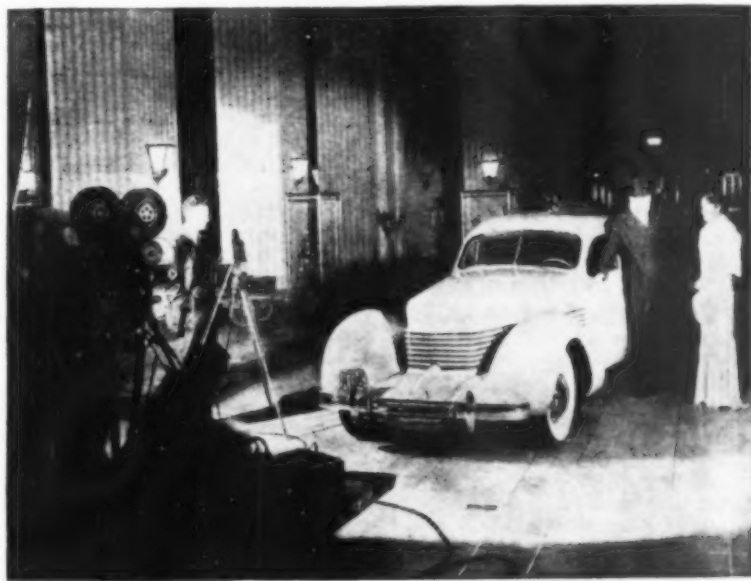
But on the whole the outlook is good for next year. Cotton, wheat, and subsidiary field crops are bringing good prices, and no harvests are coming until next summer. Furthermore, the major

crops are under adjustment control, so that depressing excesses are not to be expected unless the season is unusually bountiful. Livestock numbers, particularly in hogs, are considerably below normal, and while there will be a good quantity of lamb available early next year, the pork shortage cannot be measurably repaired until mid-1936 at the earliest.

Plan Adjustment Program

With the corn-hog vote behind it, the Department of Agriculture has planned a two-year adjustment program which will keep corn supply stable and encourage the reconstruction of the hog population, the depletion of which by drought and AAA has been the cause of high pork prices.

Meanwhile AAA has taken a step that may well prove to be the first footprint in the thus far theoretical land of permanent normality. Long ago Secretary Wallace conceived and advocated a plan for stabilizing crop income known as the "ever-normal granary." It works like this: Take the the surplus of good years, hold it on the farms with money lent against it to the farmer so that he may have his income; then when lean years come, release the stored-up surplus into distribution by giving it back to the farmer as payment-in-kind on adjustment benefits, and allow him to



PREVIEW OF PREVIEW—Even before the auto shows opened, Chicago had a glimpse of the new models, in a brief preview at the Merchandise Mart. News-reel men were on hand, and in authentic Hollywood style the glistening cars were filmed. The low-swung, front-drive Cord with novel radiator treatment features disappearing headlights that pop out of fenders with the touch of a button.

sell it in the markets or feed it to stock.

By this device, according to Wallace, stability of crop income is achieved. The way for its introduction was prepared by the AAA amendment, passed by the last Congress, permitting benefit payments in kind. Now, with the announcement of a corn loan of 45¢ per bu. last week, the first actual storing up may begin after Dec. 1.

AAA's Legal Chances

Brighter than NRA's, according to authorities. Supreme Court to hear arguments Dec. 9.

THE farmers' friend, AAA, is on the spot legally, with arguments before the Supreme Court on the important Hoosac Mills test case scheduled to start Dec. 9. But its demise is no longer the foregone conclusion it was considered to be a few months back.

Constitutional authorities who have dug into a few of those thousand or more processing-tax decisions by lower courts are now wondering if some of the judges were not unduly impressed by the Supreme Court's NRA ruling.

Radical differences are found between NRA and AAA at two major points where NRA fell down constitutionally—federal regulation of intrastate commerce, and undue delegation of Congressional authority to the executive. Agriculture isn't commerce, and AAA isn't regulation, some lawyers are pointing out. Probably neither the states nor the federal government has authority to control agriculture. Instead of trying it, AAA merely bribes farmers into self-control through benefit payments.

Government lawyers seem confident that the Agricultural Act set up adequate standards to guide the President and Secretary Wallace in using their power of providing the "parity" income objective. While possibly vague, these standards are thought to be no vaguer than those in several acts that have been upheld by the Supreme Court.

Taxes Weakest Point

Processing taxes unquestionably permit controls, but, not being prohibitively high, they also raise revenues, and so cannot be thrown out on the basis of the child labor tax decision. Only the Bankhead cotton, Kerr-Smith tobacco, and Warren potato taxes are directly regulatory, and they are separate issues, outside of AAA.

The weakest point of AAA constitutionally is thought to be the segregation of the processing taxes for a specific purpose, and this could probably be cured by simply throwing the taxes into the general funds of the Treasury and paying the benefits from that source.

Motor Price Trend—Under \$1,000

		Compared With 1936 1935
Willys Standard Four	\$425.00	+\$10
Willys De Luxe Four	450.00	—
Chevrolet Standard 6	575.00	+ 25
Ford Standard V-8	580.00	+ 5
Plymouth 6	590.00	+ 20
Ford De Luxe V-8	625.00	— 10
Chevrolet Master De Luxe	640.00	same
Plymouth De Luxe 6	660.00	same
Lafayette 6	675.00	+ 5
Pontiac Master 6	720.00	+ 5
Dodge 6	735.00	—
Nash 400	740.00	same
Nash 400 De Luxe	765.00	—
Pontiac De Luxe 6	770.00	+ 5
Hudson Custom 6	785.00	+ 15
Oldsmobile 6	795.00	+ 5
Auburn 6	795.00	same
DeSoto Airstream 6	810.00*	— 15
Pontiac De Luxe 8	815.00	— 15
Reo Flying Cloud Standard 6	845.00	same
Hudson De Luxe 8	855.00	+ 15
Hupmobile Special 6	855.00	—
Chrysler 6	875.00*	+ 15
Buick Special 8*	885.00	— 10
Nash Ambassador 8*	885.00	—
Reo Flying Cloud De Luxe 6	895.00	—
Hupmobile Custom 6	930.00	—
Oldsmobile 8	935.00	— 5
Hudson Custom 8	950.00	+ 15

*This year with trunk as standard equipment.

MASS MARKET CARS—Here's how they came down to the New York Show. Listed above are show prices (f.o.b. Detroit) on 4-door sedans of all makes of such models lining up below the \$1,000 line. Comparisons with 1935 prices where comparable 1935 models are on the market indicate the trend.

Berry Beckons

But business groups are cold to NRA coordinator's bid; treatment of tobacco industry looks ominous to those invited to conference.

EVENTS at last week's first official NRA hearing under the amended act, and recent activities of the Federal Trade Commission, provide business leaders with straws that show how the governmental wind may blow in the much-advertised conference of industry that George L. Berry, Coordinator for Industrial Cooperation, now has scheduled for Dec. 9.

The wholesale tobacco industry, represented by the National Association of Tobacco Distributors, asked NRA to approve its trade practice agreement, already approved by the Federal Trade Commission (BW—Sep 7 '35). Howell Cheney, representing the NRA Industrial Advisory Board, favored approval, but A. Howard Myers, of the NRA Labor Advisory Board, opposed it.

The labor provisions of the agreement were good, he said, but under the present law they can't be enforced, and so the agreement would be "nothing more than a smoke screen" for the distributors, who, he indicated, merely wanted a free hand in trade practices.

Thus, while the distributors are in the good graces of the FTC, they have

failed to win the necessary sanction of the NRA. Their plight is taken as a forecast of what may happen to the candle and specialty paper products industries, whose trade practice agreements and voluntary codes are next.

Auto Dealers Rebuffed

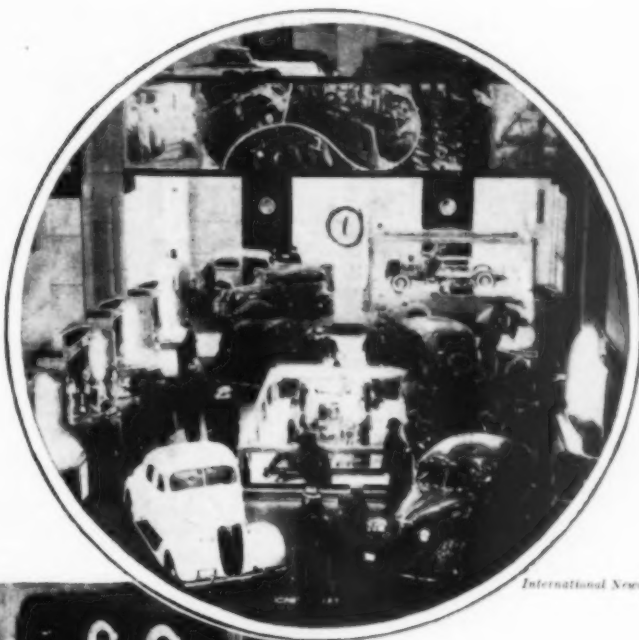
Meanwhile, over at FTC, the retail automobile dealers sought approval of an agreement incorporating many original NRA code provisions on car-pricing and sales practices. But the commission turned thumbs down, on the ground that 4 of the 6 proposed rules embodied illegal price-fixing.

There are promises of fireworks at the Dec. 9 conference. On the basis of answers received, the Berry invitation is scoring 73% acceptances, 4% refusals, and 23% on-the-fences. The National Manufacturers Association, at its Dec. 4 and 5 convention, will attack the expected NRA revival. The refusal of such important groups as the automobile, boot and shoe, and carpet manufacturers to support the conference is disturbing the sponsors.

All hopes that the government would use the conference for purposes desired by business, rather than to gather ammunition for popular appeal, are ebbing now that the NRA's Division of Review has started to X-ray the steel manufacturers, and the Consumer Division has begun to investigate the dress industry.

Cars — and Customers

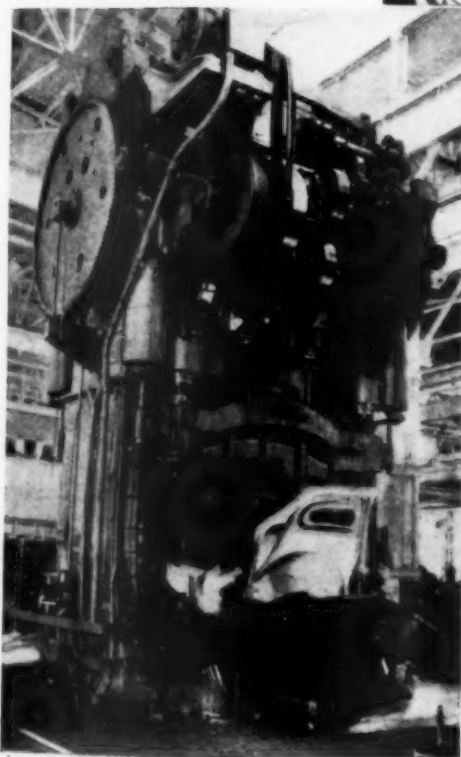
The public is in a buying mood. At the New York automobile show (right) the crowds studied safety (General Motors' testboard for speedometers, center) and smartness (Studebaker's President instrument panel, below, right, which was designed by Miss Helen Dryden). As at other shows now on in full swing throughout America, the visitors crowded about the new cars (Lincoln-Zephyr, at bottom, right) and backed up their approval with early orders. Meanwhile, out in Detroit and other motor-making cities, big machines, like the 4½-story body-stamping press below, were running full time, turning out new models to meet the new demand.



International News



Acme



International News



Acme



Tires Battle on Narrower Front

Dealers slash prices, manufacturer widens distribution—and, all the time, production improvements are cutting down replacements, but more retailers are scrambling for what's left.

ABNORMALLY deep price cuts in some important trading territories, price slashing in bids for big replacement accounts, a lot of small-town sniping, and a new distributing plan by one of the "Big-4" tire makers: these add to the problems of tire makers as the 1935 replacement buying season is cut short by early automobile shows and earlier cold weather.

In large cities, particularly Chicago and New York, big replacement buyers are discovering that the manufacturer's list price schedule, intended to suggest retail prices, to dealers, frequently serves merely as a springboard for a dive deep enough to get the order. Some quotations carry a string of 4, 5, or 6 extra 10's in discounts. Bolder dealers don't even bother to go through those motions, but simply say "I'll give you" 40% or 50%, or sometimes 60%, off the list and let it go at that. In the Cleveland area Sears, Roebuck has just decided to buck this type of competition by giving 25% off its tire price list.

Manufacturers blame most of the deep price cuts to distress stocks, swapping dealers and car agents, unscrupulous retailers who use their credit to get big stocks which they unload at any old price when they need money and until they are caught.

All Kinds of Bait

However, price cuts are the order of the day right now in most towns and cities where more than one dealer is trying to exist or where competition from mail-order houses and oil stations is a serious factor. The variety of so-called special, combination, bait, or outright cut-price offers appears to be limited only by the ingenuity of individual efforts to think up a new one. Free tubes, large "allowances," two tires for the price of one-and-a-half, or even for the price of one, and free gadgets with a set of 4 tires are among the attractions noticed by a *Business Week* editor last week on a scouting trip which took him through 6 cities.

In most cases manufacturers are helpless to remedy the situation. Some consider it no more than a seasonal flare-up that will die down as the cut-price dealers reach the end of their financial rope. Others who have been watching the trend in the tire business and realize that replacement business is "not what it used to be" fear that these destructive price wars simply serve to push more of the independent dealers out of business

and lay more of the sales in the laps of the mail-order and oil station chains.

These others quote some astonishing figures recently released by P. W. Litchfield, president of Goodyear Tire & Rubber Co., revealing that, due to the improvement in tires and tubes, renewal tire sales dropped from 8 tires per car per year in 1915 to only 2 in 1928 and statistically just over one in 1934. (That tire improvement is really responsible for much of this shrinkage is easily deducible from the American Petroleum Institute's showing that annual gasoline consumption per car rose from 525 gal. in 1918 to 672 gal. in 1934 despite fuel-saving improvements in car design—evidence that there has been a constant increase in mileage demand on tires.)

Mr. Litchfield also points out that, while the total renewal market dropped from 45.7 million casings in 1929 to 29.5 million in 1935, the number of outlets selling tires increased from 75,000 to 185,000, mostly because of mail-order and oil chains entering the field, thereby cutting the available "market" per outlet from 610 tires per year in 1929 to 160 in 1935. He shows

that the slice of total sales done by independent dealers dropped from 73.3% in 1929 to 57.1% in 1935 while the slice taken by mail order, catalogue, and chain store outlets other than oil and tire company chains was trimmed from 18.7% in 1929 to 14.3% in 1935.

However, car manufacturers who were once a small factor in the replacement tire business have extended the practice of making spare tires a part of new-car equipment and so took 7.5% of the 1935 replacement volume. Oil companies increased their takings from a tiny sliver in 1929 to 10.3% in 1935. Stores operated by tire manufacturers practically doubled their share from 4.5% of total in 1929 to 8.8% in 1935.

Firestone Triples Service

With the effectiveness of independent retailers waning and sales shifting to various types of controlled outlets, tire makers are wondering just how the new distributing policy of the Firestone Tire & Rubber Co. will affect the trend.

Whereas formerly Firestone handled all its dealer business through its 200-odd branch and district offices, recently it tripled its distributing points for dealer business in one fell swoop by establishing such service at the 500-odd wholly-owned Firestone outlets which dot the country and include choice locations in most of the important towns. Salesmen now make their headquarters at the one-stop stations in or nearest their territory and shipments are made from there.

Dealers located where the plan has



BRITAIN FOUND A KEY—America, like Britain, ought to try large-scale, low-cost housing for recovery, suggests H. Gordon Selfridge, famous London merchant, who recently was the guest of prominent American department store heads at a testimonial luncheon. Left to right: Samuel W. Reyburn, president of Associated Dry Goods Corp.; Mr. Selfridge; William L. Nevin, president of John Wanamaker; Mrs. H. Odum, president of Bonwit Teller.



HOUSING'S BIG PUSH IS ON—As the construction and modernization campaign gets under way, members of the Administration and of the Manufacturers Housing Display Council examine a scale model of one of the exhibits which will be shown in every part of the country. Left to right: Marshall Adams, American Radiator Co.; K. E. Moore, Johns-Manville Corp.; Peter Grimm, the Administration's No. 1 housing man; Russell G. Creviston, Crane Co.; Henry A. Guthrie, FHA.

been made effective say that they are getting more frequent calls and more effective cooperation from Firestone salesmen, while goods they order are delivered within a few hours or, in any event, days sooner than when shipments had to be made from the nearest warehouse.

Some dealers suggest that this plan is another weapon in the Firestone battle against private-brand tire competition.

They point out that Mr. Firestone has consistently championed the independent dealer and opposed the invasion of their field by powerful private brands, refusing to manufacture his own tires under other than his own name. They argue that his new policy should strengthen the effectiveness of Firestone competition through dealers because of the closer cooperation provided with the salesmen and stock department.

Oil Price Rebound

California companies raise quotations on crude petroleum when a 50% cut meets unexpected opposition.

WHEN a price cut turns and bites the cutter—that's news. Something of the sort has happened in California where a drastic reduction in crude oil quotations (*EW*—Sept 7 '35) has been as drastically restored. The raise already has boosted production and it remains to be seen whether the new figures can stand. At any rate, here is another indication that a genuine upsurge in commodity demand is curing the old, wide-open vulnerability of markets.

Standard Oil of California began the cuts in late August. From the former NRA peg of \$1 a bbl., 27-gravity crude was slashed to 50¢. Union Oil Co. led the price return which put 27-gravity to \$1.05 a bbl., or 5¢ higher than it was before the cut. There follows strange talk in the Mid-Continent. It

suggests that this field might get away with a price boost.

Developments in California show that the market there was better than its statistics. Producers held off when the cuts went in and stored for a rise. It was said that premiums were being paid for desirable grades. Apparently California's huge production (around 670,000 bbl. daily) was closer in line with coast consumption than folks thought.

The over-all petroleum picture is promising. Crude stocks dropped 21½ million bbl. in 5 months to stand at 301 million bbl. on Oct. 26. This is within hitting distance of the 1926 low. Gasoline in storage also is down. On Oct. 26 gas stocks were 51½ million bbl., a decline of over 2½ million from Oct. 1.

Imports are lower and exports are up (all this war talk is a help). Instead of the annual Labor Day nose-dive in gasoline prices, retail quotations for September declined only from an average of 13.89¢ to 13.50¢ per gal., not counting taxes. Good touring weather was one reason. Sporadic dog-fights in the over-multiplication of outlets prevent any broad rise in gasoline prices which oil companies insist must follow better quotations for crude.

Good news generally leaves the industry distrustful of the future because there is no effective national agency to keep production in step with demand. Oil men aren't saying this very loud; they are afraid Secretary Ickes might hear.

Dummy Divvy

Department of Agriculture charges packers paid commission to "broker" who worked for A. & P.

CHARGING that the Great Atlantic & Pacific Tea Co. garnered commissions that were in violation of the Packers and Stockyards Act, the Department of Agriculture last week cited the company and several packers, and set a hearing for Dec. 2.

"Prior to and since January 1, 1932," according to the complaint, the A. & P. had one of its employees, C. J. Noell, represent himself as an independent broker of meats and meat products, collecting from 1% to 3% commission on sales made to the chain and to its competitors, and transmitting all these commissions to the chain after deducting his salary and office expenses.

The complaint charges that the packers knew Noell was merely a dummy and yet they paid him a commission, thus giving A. & P. an unfair advantage.

The packers are the Wilmington Provision Co., Albany Packing Co., Boston Sausage & Provision Co., Arnurius, Dunn & Co. of Hartford, Ralph & Paul Adams, Inc., of Bridgeville, Del., and Essem Packing Co. of Lawrence, Mass.

The A. & P. declares that, not being a packer, thus it cannot be involved in any violation of the Packers Act.

Dummy Concerns Blamed

Dummy brokerage concerns and brokerage companies owned or controlled by mass buyers have been a cause of strife in the food industry for many years, especially since independent retailers began to blame many of their troubles on the extra allowances and commissions that chains were able to get out of suppliers by various means.

As the present case only involves an individual broker, it will not settle the question that arises when distributors own stock in brokerage concerns and so can collect through indirect channels.

Fair Trade Test (West)

California Supreme Court decision in Max Factor's suit against druggist is awaited as of national significance, a precedent for other courts.

SEVEN men, the Supreme Court of California, will soon decide a question which is of vital importance to manufacturers, distributors, retailers, and advertising men throughout the country.

The specific question is whether Clarence G. Kunsman, Beverly Hills cut-rate druggist, can keep on selling Max Factor's theatrical makeup, lipstick, rouge and other cosmetics to Hollywood movie stars at prices below those set by Factor in fair-trade, price-control contracts with other retailers.

Significance: California pioneered in fair-trade acts. In no state has the highest court yet decided whether such an act is constitutional. The California Supreme Court decision is expected to influence the decisions in the courts of other states.

The California fair trade act of 1931 permitted a manufacturer to set by contract the lowest price at which retailers might sell his goods. But it was soon found that many retailers, refusing to sign, continued to cut prices of articles on which others had agreed to maintain a certain minimum price. The answer to that was an amendment, in 1933, which binds all retailers to contract prices in these words:

"Willfully and knowingly advertising, offering for sale, or selling any commodity at less than price stipulated in any contract entered into . . . whether the person so advertising, offering for sale, or selling is or is not a party to such contract, is unfair competition and is actionable at suit of any person damaged thereby." Thus non-signers were prevented from making contracts void—at least that was the intent of the amendment.

Test Case Launched

The first legal test of the amendment took place in Los Angeles County, where Max Factor, Inc., brought suit against Clarence G. Kunsman on the grounds that he had persisted in selling Factor products at prices below those set in contracts with other retailers; Kunsman himself had signed no Factor contract.

Judge Emmet H. Wilson pronounced the amendment unconstitutional, and refused to issue an injunction against Kunsman. The judge ruled that the right of a person, under the federal constitution, to be protected against deprivation of property without due process of law, includes the right not only to own but to sell his property on any terms he sees fit.

Following the decision, the California Fair Trade Federation was formed to press the appeal to the state Supreme Court. Hearings were held in September, and the decision is expected before the first of the year.

In the past few weeks several notable lower court decisions have helped reaffirm California drug interests' faith in the potency and legality of their fair trade law. In cases brought by the Emerson Drug Co. and Weco Products Co. (the Western Co.'s California dis-

tributing agency) against Isidor Weinstein, San Francisco's cut-rate specialist, the court denied the defendant's charge that the transactions were interstate in character and that consequently California had no jurisdiction.

The Weco Products Co. has also just chalked up two other favorable decisions in its fight to maintain prices on its Dr. West's toothbrushes. Restraining orders were issued against the Sunset Cut Rate Drug Co. of San Francisco and Eastern Drug Co. of Bakersfield. The latter case is reported to be the only one on record in which damages (\$150) for violation of the fair trade law were awarded the plaintiff.

At the time the act was amended, only 3 manufacturers were operating in California under the contract system. Since then almost 300 are said to have adopted it.

Fair Trade Test (East)

Coty, Inc., price maintenance exponent, files fair trade law suit against Hearn's, low price champion, and a big case starts up toward the Supreme Court.

PENDING the California Supreme Court decision in the epochal Max Factor-Kunsman case, fair trade law enthusiasts are focusing their attention on 2 significant court fights over the legality of the New York law.

A week ago they drew first blood when Justice Philip A. Brennan in a Brooklyn court upheld the law in granting Cooper & Cooper, local razor blade manufacturers, an injunction against Samuel Angert, Brooklyn druggist. Angert was charged with having sold the Cooper blades at 14¢ instead of the minimum contract price of 25¢.

Jubilation over this victory was, however, somewhat tempered by concern over a case just filed which threatens to be the most important test that the state price maintenance machinery has yet had to face. Important, principally, because it involves antagonists of considerable proportions. When Coty, Inc., and Hearn's department store decide to lock legal horns onlookers get set for that fight to a federal Supreme Court finish which has long been in the cards but which the fair trade law contingent has hoped to avert as long as possible. This is the first case in which a manufacturer has challenged a big department store rather than some druggist.

Point at issue in the Coty-Hearn case is the same critical one under fire in both the California and Brooklyn cases: "Can the contract prices be made binding on non-signers?"

Coty's suit, directed by Olvany, Eisner & Donnelly, rests on these arguments:

The right of a state legislature to declare an economic policy has been repeatedly upheld by the courts. In this case the economic policy involved is the elimination of price-cutting by means of vertical price maintenance machinery (manufacturer-dealer contracts) rather than outright horizontal price fixing (agreements between retailers or a retailer and wholesaler). Hence no issue of conspiracy involved. Such economic policy cannot be effectuated—as California discovered—unless the manufacturer has the right to enforce his minimum price on all retailers, provided they are apprised of that price.

Common Law Right

This right, it is contended, flows from the common law principles relating to unfair competition which the legislature enunciated in the very framing of the law. It flows also from the common-law principle which protects against tortious interference with existing contracts by third persons—a circumstance particularly true when the tort is willful and deliberate.

Finally, Coty contends that it has a property right in its goods as long as they are in the channels of trade, that the invalidation of its right to enforce its minimum prices on signers and non-signers alike would be tantamount to depriving it of a property right.

Hearn's, which has already indicated through its counsel, Jay Leo Rothschild, that it will fight the case up to the Supreme Court if necessary, relies on what it considers to be the clear and unques-

For Toy Truck or 20-Ton Trailer or Any Vehicle Between . . . Goodyear Builds The Right Tire . . . Size, Type and Price

Neither luck nor accident could account for the fact that for the past twelve years more Goodyear Truck Tires have been hauled on Goodyear Truck Tires than on any other kind. Years of research, experiment and practical experience won this dominant position for Goodyear. Constant vigilance and unfailing performance of the product holds it.

Pictured below are various types of Goodyear Tires for commercial vehicles. Each is built to do a specific job better, longer, more economically than any other tire made.

Do you haul freight in trailer trains in fast inter-city service? Are you the neighborhood grocer whose delivery truck never gets more than a

few blocks from your store? . . . If you run a truck in any business you are interested in long, dependable, economical service. And there is a Goodyear Truck Tire built to give you that service on your truck. For that tire you pay no premium.

For fast highway express where heat radiation and maximum non-skid protection is important—the full All-Weather. For long life, combined with traction, in normal truck

operation—the Type HALL-Weather. For trucks that operate mostly off the road—the Pneumatic Lug. For dump trucks—the Dump Truck All-Weather. . . . So on. For every truck, for every job Goodyear builds just the right tire. And that tire is a MONEY SAVER.

Back in 1917 and 1918 Goodyear operated the first inter-city truck line, proving to business men that pneumatic truck tires were practical. Since then Goodyear history has been

a succession of tire-building achievements resulting in the most complete line of truck and bus tires built.

. . . and Today

Goodyear Truck Tires give you:

1. Freedom from Blow-out
2. Long, Even Tread Wear
3. Positive Traction
4. Longer Tire Life

You get these four great superiorities because only Goodyear gives you all these features: 1. Patented pre-shrunk Supertwist Cord. 2. All-Weather tread. 3. Chemically toughened body rubber. 4. Improved bead. 5. Wide, flatter tread shape. 6. Pima cotton, longest fiber grown.

No other company builds as many truck tires as Goodyear.

No other company builds as complete a line of types and sizes.

Goodyear builds just the right tire for every job—for every purse.

© The Goodyear Tire & Rubber Co., Inc.
Akron, Ohio



GOOD YEAR
TRUCK AND BUS TIRES MONEY SAVERS

tioned rights under the Fourteenth Amendment with its common law guarantee that no citizen shall be deprived of property without due process of law.

Opponents of price-fixing say that Hearn's victory in this critical case would mean the virtual destruction of the entire fair trade law fabric. From their point of view it is the strongest possible case. Decision will not hang on whether interstate commerce is or is not involved; it will not test the relative constitutional strength of the two ways of doing business under the fair trade laws—(1) by separate incorporation in the several fair trade states, (2) by arranging with domestic wholesalers to include a manufacturer's products in an omnibus contract with retail customers. The single constitutional issue is as clear as the certainty that both contestants will fight the case to a finish—Coty's because price maintenance is one of its basic distribution policies, Hearn's because its big story is one of low prices for the consumer. Finally, the case is not complicated by any issue of fact. Hearn's frankly admits refusing to sign the Coty contract and Coty's admits its refusal to sell. On Oct. 13, Hearn's, having secured Coty goods from other sources, advertised them at "one-half price" and sold them at those cut rate figures.

Hard Liquor Law

FACA regulations are likely to stick, though there will be a few compromises on timing.

DESPITE their strenuous protests, rectifiers may well prepare to take the sock in sales they foresaw in the proposed new Federal Alcohol Control Administration regulations at the hearing in Washington Oct. 30-31. Although it is early to predict, it appears that the pro-

posed rules (BW—Oct 26 '35) will go through substantially as drafted.

The straight whiskey definition proposed, which would require liquors so labelled to be at least 12 months old when bottled between Jan. 1, 1936, and June 30, 1936; 18 months old after that date to Jan. 1, 1937; and 24 months old after then, may be postponed. Distillers, on behalf of their colleagues who have no stock of aged spirits, asked that the 12-month limitation be put off until after June 30, 1936, and that the other aging limits be set for 12- instead of 6-month intervals.

On the provision requiring Scotch, Irish and Canadian whiskeys to be products of those countries, there is no indication there will be a compromise. This despite allegations of rectifiers that since the regulations were proposed domestic straight whiskey prices to them have jumped as high as 25%.

Rectifiers may take some consolation from the present indication that the distillers' request that aging be limited to new oak barrels will not be incorporated in the regulations.

Requests made at the hearings by publishers that the effective date of advertising regulations be postponed 30 days for newspapers and 60 days for magazines after they are promulgated are expected to be met by making the effective date of the regulations Mar. 1, 1936, instead of Jan. 1, as planned.

The requirement that the amount and origin of neutral spirits used in blending be announced on the label will go through as proposed. Request that outdoor advertising be exempt from regulation on the basis of its intrastate character will be turned down.

The plea of industrial alcohol interests for definition of "non-industrial" uses of ethyl alcohol in the regulations is under consideration. Final draft of the regulations is expected in December.

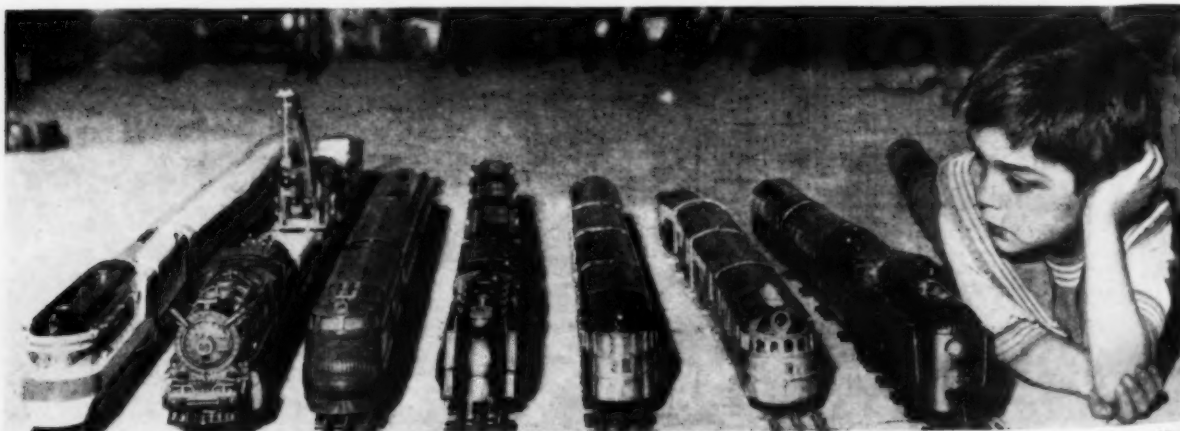
Toy Rush

Buyers waited later than usual to place orders, causing last minute production and raising the old cry of a threatened shortage.

CHECKUP on toy demand at a final New York showing of play novelties by the Toy Manufacturers of the U.S.A. indicates that, while orders have been placed even later than usual, volume is about 10% ahead of last year. Exhibitors bewail the passing of the good old days when orders were placed in the spring, allowing late spring, summer, and part of the fall for production. Jobbers and department stores have continually tightened the time squeeze between order and delivery.

Department stores now wait until August or September to make known their wants. This forces the manufacturer to carry the financial load until immediately before goods are wanted. Buyers would like the makers to build up inventories subject to call. But few companies are able (or willing) to accept the burden. Now many manufacturers are in a last-minute rush. The annual cry of a "threatened toy shortage" already has been raised. Buyers greet it with their annual smirk of skepticism. Makers would like to raise prices but competition is too keen.

Trend in new items is toward a greater complication—as in the living accessories of the mammas and papas. Assembly outfits permit wider combinations. Miniature household equipment uses electricity. Chemistry and microscope sets are more complete. Wheeled goods are streamlined. Trains are authentic copies of the new speeders. One has a whistle guaranteed to drive any parent to distraction. Such expensive toys have helped raise annual output of the industry to the present \$200 millions.



SANTA FOR STREAMLINED SCIENCE—Young America gets a preview of his Christmas toys and approvingly studies the miniature models of America's crack new trains—the C. M. & St. P's *Hiawatha*, North Western's 400, Union Pacific's *City of*

Portland, Burlington's *Zephyr*, and all the rest of them. This year's show indicates that toy manufacturers are gambling on children's interest in things scientific such as toy stoves, electric cranes, microscopes, tools and other instruments.

FARMERS ARE BUYING

*BUT—we're not
getting the business*



PRESIDENT:

"Farmers have money this year; why aren't we getting more business in farm areas?"

SALES MANAGER:

"Well, that's easy to answer—we are not advertising in farm papers to reach farm homes."

★ ★ ★

RETAIL sales in farm areas are up 20% over last year. Department store sales in leading cities are up only 5%.

Advertisers using farm papers are reaping this harvest. They are getting dealer cooperation—window displays—dealer local advertising. Dealers selling to

farmers know that brands advertised in farm papers have preference in their stores.

The farm paper is the business paper and home magazine of the farm. It is read as an essential to earning and living.

Let these farm papers take your advertising into farm homes—then farm families will take your goods home from town.

Personal interviews at 3900 farm homes found twelve different general magazines being received in only 7.4% of the homes. It took seven different women's magazines to reach 21% of the farm women interviewed while 89.3% of these homes were receiving one or more farm papers.

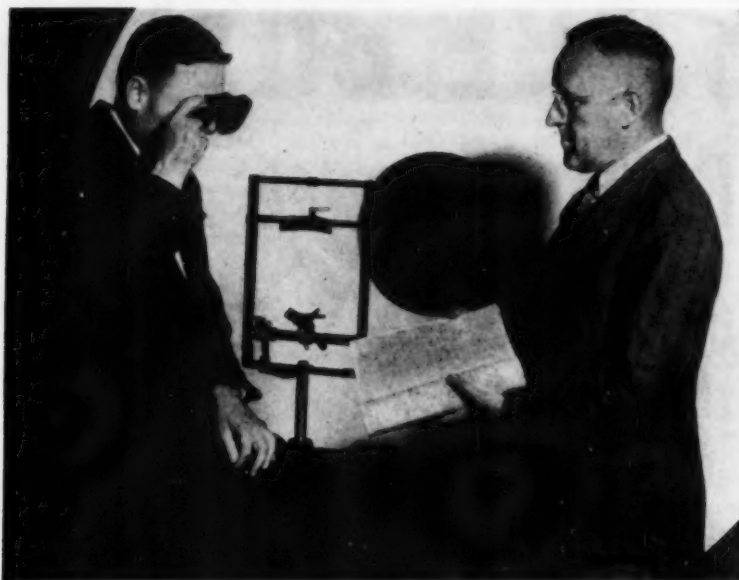
YOU CAN'T SELL THE FARM FAMILY WITHOUT *Farm Papers*

SUCCESSFUL FARMING
FARM JOURNAL
CAPPER'S FARMER
PROGRESSIVE FARMER &
SOUTHERN RURALIST
SOUTHERN AGRICULTURIST
PRAIRIE FARMER

WALLACES' FARMER & IOWA
HOMESTEAD
THE FARMER
HOARD'S DAIRYMAN
WISCONSIN AGRICULTURIST
& FARMER
THE FARMER-STOCKMAN

FARM AND RANCH
THE OHIO FARMER
PENNSYLVANIA FARMER
MICHIGAN FARMER
INDIANA FARMER'S GUIDE
PACIFIC NORTHWEST
FARM TRIO

MISSOURI RURALIST
KANSAS FARMER (Mail &
Breeze)
CALIFORNIA CULTIVATOR
MONTANA FARMER
UTAH FARMER



TO MAKE THE JOB LIGHTER—"Visibility Meter" is the scientific name for the gadget which the gentleman at the left is holding to his eyes. Developed by the Incandescent Lamp Department of General Electric, the new device calculates the exact footcandles of light needed for maximum efficiency on the job.

Came the (Movie) Dawn

The motion picture industry emerges from the shadows with shifts in control and adjusted ideas as to the value of a dollar—or a nickel.

THE motion picture industry resembles a platinum-headed madcap who has struggled through incredible adventures to rest in the arms of her handsome rescuer, blinking her thanks with lashes that look like Fuller brushes. But this time the hero is not carried away by unselfish passion. In his eye is a look that is technically known as the banker's glint. It indicates a realization that the hussy's troubles were of her own making and promises a good poke in the nose if she tries any of that stuff again.

Big companies have been or are going through reorganization (the "wringer," if you prefer). Original controlling groups have been dislodged. Again from the pasteboard palaces of Hollywood goes up the distressful cry:

"The bankers have got us. They'll ruin the business. They don't know showmanship."

Lid-Sitters Needed

Actually it was too much showmanship with too little financial self-control that carried the movies over the falls. Granting that pictures depend on the brains of production executives, there is still a need for lid-sitters who know something about the value of a dollar. Most serious troubles came from the wild scramble for theaters in the financial rumba of 1927-1930. During this

madness the Big 5 (Fox, Loew's, Paramount, Radio-Keith-Orpheum, Warner) increased their fixed-charge obligations from \$121,846,000 to \$409,855,000, according to a recent survey by Poor's. This is a boost of 237%. It doesn't require a Euclid to figure what happened when tight times cut theater attendance, and desperate competition chopped the average admission from 40¢ (in 1929) to 20¢ (in 1932).

Admissions have since recovered to about 22¢. The companies are so completely shaken down that any increase in the per-ticket price will go principally to net profit. Recovery is bringing back attendance. Fortune and acclaim are waiting for the person who can figure a means of adding 5¢ to the admission average. Since 75 millions see the movies weekly, the annual addition to income would be \$195 millions.

So far this is just something on which executives wear out their pencils. The 12,500 theaters now active indulge in all the scratch-and-bite forms of competition. Hope of cooperation is remote, with 10,000 houses independent.

Loew's, Inc. (producing subsidiary, Metro-Goldwyn) has stood up best of all and original control remains unshaken. Shrewdness of the late Marcus Loew in picking theater bargains in large

Eastern population centers helped provoke the theater-grabbing contest among his rivals. The Warner brothers are still in the saddle though the bucking hasn't entirely subsided. Clever use of mobile working capital is credited with preserving their position. Adoption of sound (their "Jazz Singer" with Al Jolson made the first big hit) saved them from the wolves once; general improvement is expected to preserve them that time. Columbia Pictures came through intact because it owned no theaters, hired stars from competitors, centered its efforts on box-office pictures.

Enter Wall Street

The cry of "Wall Street domination" is raised in the reorganizations of 20th Century-Fox, Paramount, R.K.O. Twentieth Century-Fox comes out of the woods with Chase National Bank owning 775,000 of the 1,359,000 preferred, 387,000 of the 1,226,000 common, and 58% of the theater unit's stock. These holdings are relicts of the famous loan made to William Fox. There is evidence of a definite drive in the movie field by Floyd Odum's alert Atlas Corp. and Lehman Bros., New York bankers. This group recently took control of R.K.O. from the Radio Corp. of America (*BW*—Oct 19'35) and it has a healthy slice of Paramount.

The Paramount reorganization has produced almost as many nasty arguments as that of Fox Film. One rage over receivership fees and allowances. Here was a rich company—one to bring out the best in any bankrupt lawyer. Paramount's bedside attendants asked \$3,239,828. Federal Judge Alfred C. Cox (blessed be his name among stockholders!) chopped over two-thirds of that amount, allowed \$1,026,117.

Mr. Otterson Resents

John Otterson left the presidency of Bell Telephone's Electrical Research Products, Inc., to become president of rejuvenated Paramount. To the Senate congressional committee investigating really bond reorganizations, the Otterson change held dire implications. Some of the questing statesmen thought the Bell System was lusting after the Paramount theater chain with a view to the future development of television. Mr. Otterson resented the insinuation that he was still a Bell man with a vigor worthy of an Annapolis graduate and ex-naval construction engineer.

Bell resented it quietly but with equal force. Its business is telephonic communication and if it branches out the probabilities are against its entering such a hysterical industry as the movies. Now it is stepping with extra caution because of an investigation by the Federal Communications Commission.

There is sufficient reason for Mr. Otterson's shift in the salary figures. At head of ERPI he got \$50,000 annually. Paramount raised him to \$156,000.

Wide Reading

PRESENT CENTRAL STATION CAPACITY IN THE ELECTRIC POWER INDUSTRY. A. Ross Barker. *Harvard Business Review*, Autumn. Prospect of a power shortage in the next few years is not as serious as Federal Power Commission report indicates. Complete steam stations can be installed in a year; many additional units in 3 to 6 months. Hydroelectric units will take longer, but power are expected to be installed.

MODERN BUSINESS ADOPTS THE TELETYPEWRITER. J. M. Tuggey, Jr. *Bell Telephone Quarterly*, October. At the beginning of 1935, there were 12,000 teletypewriters connected to the Bell System. How they are used by various businesses, and what they have.

A PLAN TO HELP THE PUBLIC GET MORE FOR ITS MONEY. *The Consumer*, Oct. 15. First issue of a new magazine which is the official organ of the Consumers' Advisory Board.

STRIKEBREAKING INCORPORATED. Edward Levinson. *Harper's*, November. "The continued use of paid informers is a tribute to the effective sales talk of the agencies, but a large question mark on both the intelligence and social ideals of those who employ them."

BASEMENT PLANNING. *American Architect*, October. How to make the most out of the basement. Floor plans; recreation suggestions, with space required for each; decorative suggestions.

REPORTS—SURVEYS

THE NATIONAL LABOR RELATIONS ACT. William H. Spencer. University of Chicago, 99 pp., \$1. "The Act is not as bad as employers seem to think it is, and it certainly is not a panacea, as organized labor pretends to believe." An analysis of provisions; for labor and employer.

A SALES MANUAL FOR TOYS AND PLAYTHINGS. American Toy Manufacturers Association, New York, 39 pp. General information for sales people.

WANTED—IMPROVED LABOR LEADERSHIP. William D. Rawlins, New York, 18 pp., 10c. Evils in the present setup of organized labor; what might be accomplished for both worker and employer if labor had more responsible leadership.

NATIONAL HANDBOOK OF HOTEL DATA. Hospitality Guild, Stamford, Conn., 48 pp. Everything about hotels from the number of chains, and the most popular foods, to the number of pay toilets installed. Useful handbook for persons selling to hotels.

MOTOR TRUCK FACTS, 1935. Automobile Manufacturers Association, New York, 48 pp. State-by-state study of trucking services; statistics on truck taxes; full data on production and registration of trucks; and a synopsis of the Federal Motor Carrier Act.

CLEARING AGREEMENTS. League of Nations. World Peace Foundation, 154 pp., \$1. List of the 21 countries among which clearing agreements are in force; explanation of the organization required to make them function.

FORESIGHT ABOUT EYESIGHT



**BEFORE YOU REPAINT
YOUR PLANT, EXAMINE**

**THE UP-TO-DATE FACTS ABOUT PAINT,
LIGHT AND MAINTENANCE IN THIS BOOK**

WHEN you contract for the maintenance painting of plant interiors, remember that the cost of the paint and its application may not be the only factor affecting your costs of business. The general study of Better Light for Better Sight has thrown new emphasis upon the relation between paint and eyesight—the ability of your workers to see efficiently.

This factor is especially interesting to efficiency engineers and cost accountants, because it involves such elements as the speed of production, employee health, labor turnover, accident compensation, etc. Before you plan to repaint your plant, read the up-to-date information about paint and light in the book, "Glorified Light." It is published by the Paint Division of the Pittsburgh Plate Glass Co. A copy will be sent free on request.

**Better light and
lower maintenance costs**

All the interior finishes recently announced by Pittsburgh, and known as *Glorified Light Products*, are designed to provide a maximum use of available

natural and artificial light—and also to save you money from the maintenance angle. To make this economy feature effective for all types of interiors, it was necessary to create three separate finishing systems:

THE SNOLITE SYSTEM is a line of superior whites for all normal interior exposures. Flat, Satin, Low Eggshell, Standard Eggshell, Semi-Gloss, Gloss. Tints available in Satin and Semi-Gloss.

THE SNOTEX SYSTEM is for all abnormal interior exposures except where fungus may be expected. The highest attainable resistance to yellowing or discoloration in the presence of humidity, fumes, gases, heat or unusual absence of daylight.

THE FUNGUSIDE SYSTEM is for use where fungus exists or may be expected. Of especial importance to bakers, brewers, distillers, cheese manufacturers, dairymen, packers and others who must wage a constant battle against bacteria, mold or other types of fungus.

Face the problem of future maintenance painting with complete information on these three systems in your files. The coupon below brings your copy of the book, "Glorified Light."

PITTSBURGH PLATE GLASS CO.
Paint Division, Dept. 111
Pittsburgh, Pa.

Please send me a copy of your new book, "Glorified Light."

Name _____

Firm _____

Address _____

**PITTSBURGH
PLATE GLASS COMPANY**

Paint Division

PITTSBURGH, PENNA.

Colored Photo Prints

Two young chemists discover process that is cheap and seems practical, answering big demand.

Two young chemists, Francis H. Snyder and Henry W. Rimbach, who do not claim to be photographers, have apparently discovered a practical method of making full natural-color photo prints, the goal of experimenting photographers for 50 years.

Their method is the Chromatone process. Very simple, it involves the use of ordinary cameras and standard panchromatic film, and should open new fields to both amateurs and professionals. That it will permanently close another field—the hand-tinted landscapes with the blue, blue skies and the over-green grass—is the fervent hope of tourists in photography.

Big Upset Promised

Commercial photographers who have witnessed demonstrations of the new process declare it will upset both tradition and prices in direct color illustrative work.

The principles of Chromatone are not new. Three-color carbros have been successfully done for years, but only a few have mastered its technical difficulties. Hence the minimum price of a single carbro print by Edward Steichen, for instance, is \$500; time required, from one to two weeks.

A chromatone print, suitable for reproduction, may be produced in one hour; the cost for all materials, includ-

ing 3-color separation negatives, is about \$2.50 for 8x10's.

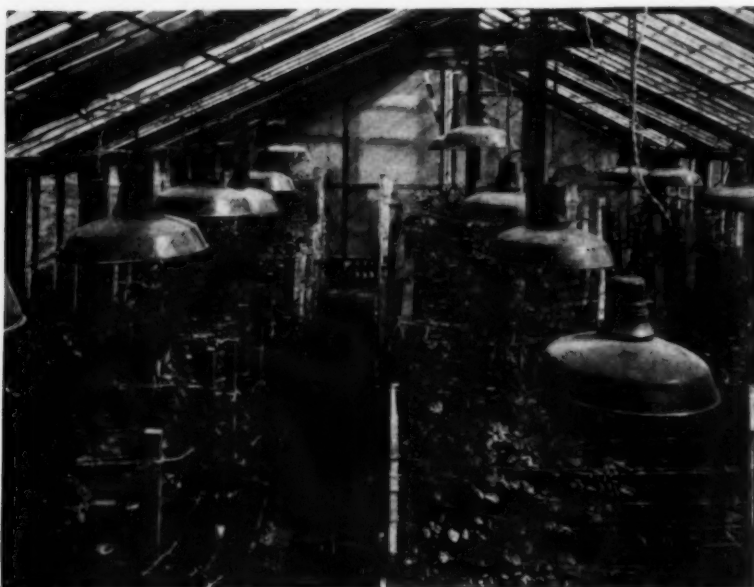
From either 2- or 3-color separation negatives, 3 positive prints are made on Chromatone photo print paper (a tough gelatin-collodion stripping film, one thousandth of an inch thick, which registers with the other 2 films regardless of temperature or careless handling). These positives are toned to the proper color (magenta, blue-green, and yellow), and then superimposed, in register, on a white paper background. The result is a 3-ply natural color print.

Even for Common Cameras

Because of its washable film surface it may be framed without glass. The process may also be used with 1-shot 3-color cameras. Action shots may be made with ordinary cameras, including miniatures, loaded with Dufaycolor film, and the 3-color separations may be made later on the stripping film by the use of suitable filters.

Messrs. Snyder and Rimbach discovered the process when dissatisfied with black-and-white photos of their microscopic experiments. The Defender Photo Supply Co., which cooperated by supplying special stripping films and emulsions, has in return been granted the sales rights for the United States and Canada.

Daily demonstrations by the inventors at the Willoughby Camera Stores, in New York City, attracted as many as 7,000 amateur and professional photographers in one week. Experimental kits, selling at \$10, had to be reordered several times.



MORE SPEED, MORE SEED—Mother Nature is responding to a bit of quickening in the form of electric soil-heating devices. At the California Picking Co. plant in San Jose, two greenhouses have been equipped with new heaters; one using space-heating lamps and the other soil-heating cables. Seed companies believe that use of controlled heat can reduce by one-half the time needed to develop new seed varieties; utilities are hopeful that new load-building may result.

All for All-Wave Sets

Radio fans want foreign broadcasts; 700 newspapers get programs from manufacturers as new model sales rise to 70% of total.

INTEREST in foreign radio programs is growing fast and foreign reception means all-wave sets. So, to encourage the all-wave market, the Radio Manufacturers Association some time ago began collecting advance information on short-wave programs from ambassadors of foreign nations in Washington and from sources abroad. They have been making up a weekly newsheet on outstanding features scheduled by important stations in other countries, and more than 700 newspapers now receive this material furnished without charge.

All-wave sets in use last January totaled 1,735,000 and now about 50% of all sets sold are of this type. In all, there are 21 million receiving sets in the homes of America, 2 million of which are in homes with more than one receiver. Automobile sets total about 2 million.

Meanwhile, something new is in the wind out on the farm. Some 35,000 of the new "windmill" chargers have been sold in the last 90 days and mounted on the roofs of farm houses or barns, automatically charging the radio batteries whenever the wind blows. There is no more trouble over that. One prominent make of wind chargers is being marketed by an ingenious cooperative arrangement with the radio dealers and distributors. The farmer who buys a new battery set finds in it a coupon entitling him to a \$44.50 charger for \$15. He applies to the manufacturer, who sells him direct. Dealers find sufficient profit in radio's increased rural popularity.

Now It's Newark

Wallace puts poultry market there under U. S. control, in drive on rackets. Chicago may be next.

WHEN Secretary Wallace struck at the racketeers in live poultry markets by putting the New York City and Jersey City markets under federal control (BW—Oct 26 '35), dealers there cried out that they would be ruined unless the control were extended to the whole metropolitan New York area.

"You've got to license Newark right away—no waiting a year or anything like that—or we'll all have to move over there," they told a representative of the Department of Agriculture who came to explain the order and soothe their fears.

Last week their protest was heeded. Secretary Wallace issued an order put-

WHERE, WHICH,

what

AND "KNOW HOW"



● The most direct way to take advantage of the fundamental characteristics of Aluminum, many industries have found, is to profit by our accumulated "know how."

Over a period of nearly half a century our research men and engineers have been piling up experience in the profitable utilization of Aluminum through helping to solve problems of design, fabrication and application for hundreds of industries.

Their experience discloses *where* Aluminum can be used with the greatest economy to achieve improvement in operation, in convenience, or in lengthened life.

They can designate, from intimate knowledge, *which* of the great family of alloys will do the best job in each individual product or part.

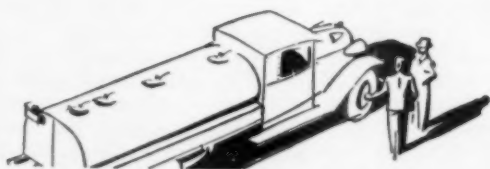
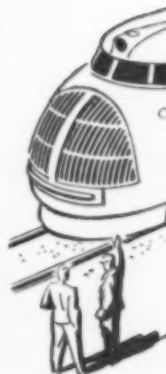
They can suggest *what* form of Alcoa

Aluminum, whether castings, sheet, extrusions or pressings, will perform best.

And finally, with coats off, they often demonstrate the "know how" to handle and fabricate, right in the customers' plants.

The fundamentals of Aluminum are simple. It reduces weight, to save power and to add efficiency, convenience, and mobility. It resists corrosion, to lengthen life and to maintain appearance. It is used either to speed or retard the transfer of heat.

The simple and direct approach to full utilization of the fundamentals of Alcoa Aluminum is to call upon our engineers. Their counsel has always been available without obligation. It is so offered, today, to any executive or engineer, ALUMINUM COMPANY OF AMERICA, 1804 Gulf Building, Pittsburgh, Pennsylvania.



forward via fundamentals

Come to Chicago

See air conditioning up-to-date. Here under one roof will be displayed for your leisurely examination, all the latest products of the leading manufacturers. If you are concerned with people as they work, play, eat or sleep indoors, your interests can be materially advanced by visiting this outstanding air conditioning exposition.

Plan now to come and see for yourself how the latest developments in heating, ventilating and air conditioning can be applied by you in your own interests.

Bring your associates too!



Management, International Exposition Co.

507



Do people like you instinctively?

GETTING ALONG WITH PEOPLE, by Milton Wright, (\$2.50) tells you precisely what to do and say, and why you should do it, to secure the results you want in countless situations in business and social life, in everyday contacts, and in important situations with a major bearing on your life and happiness. With many practical examples and with illustrative problems that Wright helps you work out, he shows you:

- how to get along with others
- how to secure effective cooperation of superiors, associates, subordinates, friends and acquaintances
- how to meet people properly and deal with them smoothly and efficiently

SEND THIS ON-APPROVAL COUPON

McGraw-Hill Book Co., Inc.
330 W. 42nd St., N. Y. C.

Send me Wright's *Getting Along With People* for 10 days' examination on approval. In 10 days I will send \$2.50, plus postage, or return book postpaid. (Postage paid on orders accompanied by remittance.)

Name
Address
City and State
Position
Company BW-11-9-35

ting the Newark market under federal control. New York and Jersey City dealers must get licenses, under the Packers and Stockyards Act, by Nov. 25. Newark dealers must be licensed by Dec. 12.

Other big markets are expected to come under federal control soon. The one next on the list is generally believed to be Chicago.

Food Trade Jury

Makers and marketers join to reach trade practice objectives sought in master food code.

OPERATING plans were formally adopted at last week's meeting of the recently organized National Food & Grocery Conference Committee. Through them, important branches of the food industry will try to attain without benefit of NRA that rise in efficiency and drop in costs once sought through a master food code which the late war lords of NRA torpedoed.

The committee proposes (1) to act as a clearing house on problems of the industry and (2) to segregate trade evils, define them, and recommend methods for their control or elimination. Official action requires an 80% vote of approval by member organizations and all recommendations will first be submitted to the interested groups in advisory form.

To begin with, 4 trade activities are scheduled to come under the microscope of the committee: cooperative advertising, diversion of brokerage fees, loss-leader selling, and quantity discounts.

Already several important organizations in the food manufacturing and distributing field are represented on the committee and others are to be invited in as the scope of activities is widened. Those now cooperating are: Associated Grocery Manufacturers of America, Food and Grocery Chain Stores of America, National American Wholesale Grocers' Association, National Association of Retail Grocers, National Retailer-Owned Wholesale Grocers, Voluntary Groups Institute.

Palm Beach Privilege

Goodall is selling its famous summer suits on a return basis.

GOODALL CO., makers of Palm Beach suits, is going after next summer's business with a new sales weapon. Retailers are being sold on a return basis which will induce them to stock full lines and sizes without worrying about tied-up capital. The plan applies to 5 staple styles. Any number of these may be returned to Goodall at the end of

the season. On the payment of a \$1 penalty per suit the store is credited with the original cost.

Sales of wash suits last only during the hot months and vary with the intensity of the heat. Hitherto, untimely arrival of cool weather meant carrying surplus garments until the next summer, a freezing of capital that tended to keep orders low. Already the return privilege has been a wholesome boost to orders. Palm Beach suits will retail for \$16.75 next summer. This is a \$1 raise over this year's price. It may not be a mere coincidence that the increase equals the penalty on returns.

N.R.D.G.A. Backs Up

Dry goods association decides not to press trade practice cases.

ONE month ago the National Retail Dry Goods Association announced a nationwide campaign against anything that might be done by any business concern or group to curb the reign of laissez-faire in business, or, in N.R.D.G.A.'s phrase, to interfere "with the free flow of merchandise from producer to consumer" (BW—Oct 12 '35).

The association named 6 industries against which it announced that it had filed complaints with the Federal Trade Commission, mentioned details of the complaints, promised charges against 3 other industries, indicated that more were due for a similar laundering.

In most cases, the practices complained of were ones that had been authorized for the same groups under their NRA codes and retained informally after the codes were blown up by the Schechter case.

Last week Irving C. Fox, counsel and Washington representative for N.R.D.G.A., announced that no further actions against those 3 "next" industries were in prospect and indicated that the groups involved had "reconsidered the desirability of attempting to operate under their former codes."

Insiders believe that N.R.D.G.A. has itself reconsidered the objections of the Federal Trade Commission to use of its name in private "traffing" operations. They point out that, even in cases brought before the commission, a concern or business group is considered innocent until it has been proven guilty and that FTC makes no announcements of any cases under investigation until it can either dismiss the complaint or has gathered sufficient evidence to justify a show-cause order.

Those who follow the proceedings of the FTC closely also point out that, although a month has elapsed since N.R.D.G.A. blasted, no actions concerning the accused industries have been announced at Washington.



LOADING PLATFORM PROTECTION—Without sacrificing air, light, or vision, the new steel grille, manufactured by the Kinnear Co. of Columbus, provides a convenient safeguard against trespassing or burglary at a critical danger spot; it can be quickly pulled down or rolled away, manually or mechanically. A special aperture in the screen installed at the Pepsi-Cola plant in Long Island City makes it possible to load trucks right at the end of the conveyor.

World's Largest Rapid Transit

LaGuardia's negotiators, Seabury and Berle, reach new agreement with private companies, looking to unification and municipal ownership of biggest system.

NEW YORK CITY last week advanced another foot in the 41-year effort to unify its rapid transit lines. Now, if all goes smoothly for another 2 years or so, Mayor LaGuardia's administration will effect complete municipal ownership (and perhaps operation) of the largest rapid transit system in the world.

The latest step was the "understanding" reached between the city's representatives—Special Counsel Samuel Seabury and City Chamberlain Adolph A. Berle, Jr.—and the Interborough Rapid Transit and Manhattan Railway companies. Early this year a similar understanding had been reached with the Brooklyn-Manhattan Transit Corp.

The net result is that the B.-M.T., I.R.T., and Manhattan can be bought, subject to approval by a grandstand full of civic, judicial, and investment bodies, for \$417 millions.

If this is done, 5 million passengers will ride daily on 162 miles of subways and 95 miles of elevated lines, all municipally owned, representing \$1 billion of public and hundreds of millions more of private investment.

The city expects to save \$9 millions annually on the consolidated setup, and to reap other economic and social advantages.

Both the city traction advisers and the security groups representing the transit companies (now in receivership)

have signed the "memoranda of understanding" (with the exception of 1 small security group) and the 2-year wrangle over prices is at an end.

However, neither the city nor the transit companies is bound by the agreement. Hearings must be held and approval of the court shepherding the transit companies in their receivership pasture must be obtained.

The plan envisages a Board of Transit Control to which the city would lease not only the I.R.T. and B.-M.T., but also the existing city-owned subway, the Eighth Avenue. But whether the yet unborn board will farm out the operation to experienced people is undecided.

When the Eighth Avenue was built the present Board of Transportation wanted to rent out the operating end, but private groups were wary of imposed conditions; hence no acceptable bids were forthcoming and the Eighth Avenue therefore is city-operated.

One thing is fairly sure. With a big political stake in fares, the 5¢ ride will be maintained. The contemplated leases protect the nickel trip valiantly.

Not the least of the hurdles is the doubt whether Board of Transit Control bonds will be tax-exempt. The city is praying that they will be so considered, and estimates of financing costs are based on this premise, but legal opinion is divided.

Will Lower Prices end the depression?

● FORTUNE for November presents the first authoritative summary of the report of the Brookings Institution blaming the beginning and the long continuance of the depression in the United States on price-fixing by monopolies and trade associations.

"Incomparably the most useful economic study—no one is qualified to discuss contemporary American affairs who has not mastered it. This is a work from which it is possible to dissent, but not one which it is possible to ignore."

WALTER LIPPMANN

"Confronted with such scientific testimony, it is hard to understand how there can be any support for the theory of scarcity that seems to have hypnotized our thinking."

ALFRED P. SLOAN JR.
Pres., General Motors Corp.

"Adoption of this program is apt to result in bankruptcy and disaster worse than we have yet known."

WILLIAM GREEN
President, A. F. of L.

"I agree with the greater part of this analysis . . . but how serious an obstacle monopolistic industry is to this remedy of lower prices!"

HENRY A. WALLACE
Secretary of Agriculture

"Brilliant and informative study."
WALTER C. TEAGLE
President, Standard Oil Co.
(New Jersey)

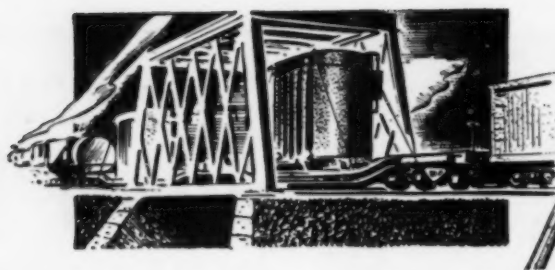
"This exposure of the current fallacy that the general welfare can be promoted by lessening the supply of articles for current use is to me complete and satisfying."

JOHN W. DAVIS

Can you afford to miss a FORTUNE article which has called forth such reactions from men like these?

FORTUNE

350 EAST 22ND STREET • CHICAGO
By Subscription Only—\$10 the Year

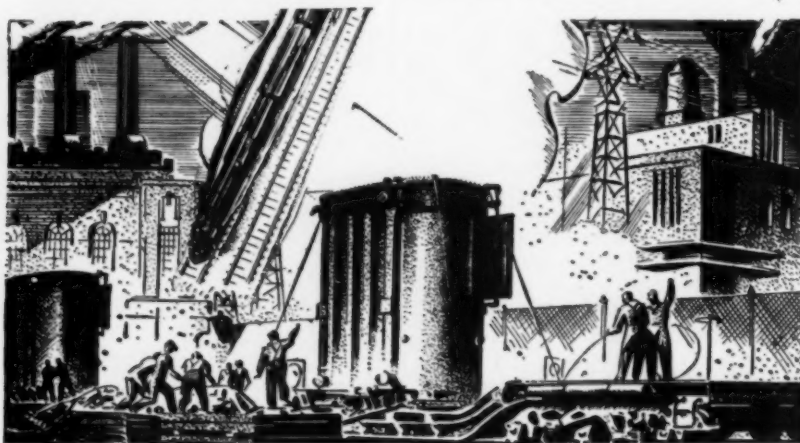


THE COLOSSUS OF ROADS

● You've heard of long railroads—ever hear of a high, wide one? Between New York and Chicago the Erie has the highest and widest clearance of any railroad, and it is built and equipped to carry the heaviest loads.

If you ship massive machinery or ponderous parts, that fact may save you money. You can move complete units over the Erie and move them faster.

But even if your product is as small as pens or pencils, the Erie's wide clearances should be of interest to you. They indicate that the Erie has been planned and is operated for the best interest of shippers. When it's trusted to the Erie, the freight must go through—safe and fast, and to your satisfaction. Call your Erie representative for full details.



THE HEAVY DUTY RAILROAD

Works Progress

WPA pushes the "deadline" ahead and dodges the spotlight.

WITH its employment drive only 44% effective, because of the spotty character of WPA's operations, the Administration is trying to divert public attention to other features of the works program. CCC, the Resettlement Administration, and other agencies financed by the \$4,880,000,000 appropriation (BW—Nov 2'35) have been instructed to loud-pedal what they are doing. Hence, a flock of "hand-outs" from the alphabetical contingents actually creating few jobs. The CCC was, of course, a going concern before the works program was launched and accounts for 31% of employment through Oct. 26.

State Heads on Spot

Coincident with the attempt to take the spotlight off of WPA temporarily, it is emphasized that state WPA administrators and not Harry Hopkins, down in Washington, are responsible for getting the works program under way. There is much more truth in this statement now than there was two or three weeks ago. Since then, the jam on the program has been cracked, with the cooperation of Comptroller-General McCarl, by abandoning the snail's-pace practice of allotting funds for specific projects in favor of approving a vast "pool" of projects from which state administrators may select those which can be undertaken the quickest, up to the limit of funds actually allotted to the state. (Latest figures on WPA are shown in the accompanying table.)

The character of the WPA program is gradually assuming definite form. Roads comprise approximately one-third of the projects undertaken. Parks, playgrounds, and other recreational facilities account for 20%, schools and public buildings 13%, white collar projects 11%, water, sewerage, and other public services 9%, and a vast variety of other projects 14%.

New Deadline Dec. 1

With the latest report showing employment of 1,543,185 persons, Administrator Hopkins pushed forward from Nov. 1 to Dec. 1 his movable deadline for employing 3,500,000 men, asserting that by that date all federal funds for direct relief will be cut off.

While President Roosevelt is calling upon private industry to match the employment created by the government's works program, Hopkins frankly admits that private employment of 3,500,000 men would not "clean up" the problem.

"It will take a good deal more than that," but he doesn't know how much because, in his opinion, available estimates of unemployment are not adequate and won't be until the Social Security Act becomes effective.

Relief Jobs and Money—The WPA Program to Nov. 1

State	MEN				MONEY			
	State Quota of 3,500,000	En-rolled in CCC Oct. 26	Employed on State Program Oct. 26	Total* Employed Oct. 26	Quota for WPA Program	Allotments Approved by President Through Oct. 29	Funds Released Through Oct. 29	Value of Projects Approved for Selection Through Oct. 29
Alabama.....	52,000	10,111	34,548	46,335	\$11,710,000	\$7,679,458	\$7,679,458	\$36,153,397
Arizona.....	19,000	6,286	0	8,977	4,270,000	3,766,017	3,766,017	7,876,086
Arkansas.....	50,000	12,862	21,665	36,590	11,170,000	9,273,373	9,072,186	42,577,296
California.....	224,000	22,009	11,403	42,875	77,610,000	55,672,133	55,672,133	154,158,006
Colorado.....	41,000	6,411	6,018	15,582	11,680,000	10,255,813	10,255,813	28,162,852
Connecticut.....	33,000	6,858	4,192	11,925	10,660,000	8,969,241	8,850,337	11,809,606
Delaware.....	5,000	710	765	1,631	1,420,000	1,111,105	1,060,105	2,703,374
Dist. Col.....	15,000	2,861	4,705	8,288	3,670,000	3,234,822	3,234,822	4,182,910
Florida.....	45,000	12,981	17,430	38,191	8,550,000	19,342,203	8,901,689	37,720,886
Georgia.....	70,000	17,023	18,198	38,655	14,720,000	12,997,823	12,968,180	48,719,572
Idaho.....	17,000	4,781	972	9,206	3,240,000	3,051,914	2,893,257	6,331,867
Illinois.....	213,000	28,696	12,739	44,149	73,000,000	17,970,585	75,626,083	162,470,465
Indiana.....	86,000	11,715	65,108	77,272	32,250,000	30,129,982	29,142,111	69,705,885
Iowa.....	36,000	9,204	0	10,467	6,990,000	6,380,385	6,380,385	48,758,285
Kansas.....	53,000	8,099	4,179	13,737	12,480,000	19,512,083	19,214,035	26,401,986
Kentucky.....	82,000	18,909	10,621	30,246	17,010,000	16,998,147	16,833,165	64,034,514
Louisiana.....	52,000	9,609	8,235	19,076	12,190,000	10,584,682	10,584,682	22,260,276
Maine.....	13,000	3,654	0	7,663	2,650,000	13,200,193	2,593,881	4,926,165
Maryland.....	33,000	4,506	3,499	9,952	9,180,000	9,062,663	8,256,073	26,251,814
Massachusetts.....	135,000	18,287	3,474	25,144	47,760,000	47,336,195	42,179,983	49,653,989
Michigan.....	120,000	18,775	20,444	41,449	41,260,000	30,517,580	30,517,580	98,488,078
Minnesota.....	71,000	13,675	16,135	31,457	19,620,000	19,742,260	18,112,059	56,237,831
Mississippi.....	40,000	13,555	2,220	16,454	6,100,000	5,299,237	3,823,787	43,758,587
Missouri.....	95,000	19,947	4,044	27,029	23,040,000	124,031,995	23,119,540	62,220,019
Montana.....	19,000	4,866	483	10,219	3,630,000	3,332,749	3,294,369	13,861,393
Nebraska.....	26,000	6,496	2,465	9,749	4,970,000	15,001,617	4,834,259	23,716,764
Nevada.....	4,000	822	978	1,957	1,090,000	1,088,966	1,039,648	1,804,184
N. Hampshire.....	8,000	1,851	1,904	4,349	2,270,000	2,033,180	1,989,064	10,533,557
New Jersey.....	111,000	15,152	16,943	36,998	38,290,000	141,061,306	39,365,279	55,097,356
New Mexico.....	18,000	6,927	2,883	11,671	3,290,000	2,114,640	2,114,640	15,486,166
N. Y. City.....	244,000	14,978	220,171	239,831	115,990,000	117,822,427	106,338,387	260,137,844
N. Y. State.....	153,000	17,185	8,140	28,581	54,660,000	157,014,632	49,414,751	180,098,224
N. Carolina.....	50,000	14,879	5,224	23,352	8,650,000	6,666,691	6,666,691	43,047,785
N. Dakota.....	15,000	6,186	640	7,274	2,470,000	2,059,335	2,036,146	18,432,523
Ohio.....	236,000	23,140	48,407	73,478	90,550,000	90,805,041	90,805,041	124,222,508
Oklahoma.....	85,000	17,818	22,688	42,150	18,290,000	17,539,029	16,074,548	20,042,201
Oregon.....	30,000	6,172	1,873	10,479	7,410,000	6,523,498	6,523,498	12,788,002
Pennsylvania.....	347,000	34,437	108,566	150,139	123,700,000	99,700,810	91,686,489	98,849,594
Rhode Island.....	16,000	2,967	2,271	5,494	5,440,000	4,445,373	4,277,373	16,156,163
S. Carolina.....	40,000	11,276	9,387	24,409	6,580,000	5,700,866	5,700,866	22,940,856
S. Dakota.....	17,000	5,970	2,015	8,819	3,080,000	2,383,573	2,331,472	14,019,779
Tennessee.....	55,000	14,837	12,058	28,578	10,670,000	9,774,705	9,573,445	32,571,978
Texas.....	152,000	31,103	7,301	42,254	33,410,000	31,295,064	29,788,969	111,489,180
Utah.....	20,000	4,655	2,233	7,784	5,550,000	4,202,167	4,035,936	5,982,491
Vermont.....	7,000	2,586	2,472	5,748	1,820,000	1,021,286	1,730,541	2,591,662
Virginia.....	45,000	12,244	8,306	23,299	8,420,000	19,584,480	7,615,830	23,095,813
Washington.....	60,000	11,314	1,616	20,277	17,190,000	14,644,931	10,670,718	11,552,087
West Virginia.....	61,000	12,175	6,838	20,485	17,130,000	14,667,533	14,667,533	99,832,947
Wisconsin.....	75,000	14,857	18,765	35,780	23,260,000	22,197,988	20,832,794	74,849,647
Wyoming.....	6,000	1,847	3,231	5,700	1,340,000	1,523,151	1,203,625	4,254,583
Not distrib- uted by States Territories.....	0	59	0	44,584	68,620,000	27,056,268	0	0
Totals.....	3,500,000	582,704	788,452	*1,543,185	\$1,140,000,000	\$1,030,381,185	\$945,349,273	\$2,413,019,033

*Includes 172,029 employed by federal agencies other than WPA and CCC.

†WPA quotas originally fixed have proved to be insufficient in many states. This explains why tabulation shows allotments in excess of quotas. Under the Emergency Relief Appropriation Act a maximum of \$1,700,000,000 is available for the WPA and PWA programs. The President tentatively fixed \$1,140,000,000 as WPA's share but more of the \$1,700,000,000 is available as PWA allotments to date total only \$342,000,000.

‡The totals in this column represent the dollar volume of approved projects from which WPA State administrators may select as many regarded as most adaptable to speedy execution as funds actually allotted will allow.

"Adsorption"

**IS THIS
A NEW WORD
TO YOU?**

New words, new products are always a spur to industrial progress.

"ADSORPTION" is a new word in the industrial vocabulary.

"ABSORPTION" is what happens when a sponge sucks up liquids, or when a blotter absorbs surplus ink. It is a form of attraction of one particle of matter by another. It enables "adsorptive" agents to remove from liquids minute impurities, objectionable coloring material, and other undesirable elements. It is tremendously important in the production of pure foods.

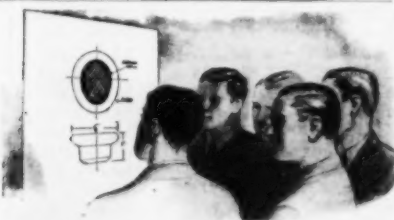
"DARCO", developed by Atlas Research Laboratories, is one of the leading modern "adsorptive" agents. It finds wide use in the purification of sugar, table syrups, salad oils, glycerine, and innumerable other food and chemical products.



ATLAS

POWDER COMPANY

Wilmington - Delaware



YOUR Problem may not concern GRID BIAS CELLS

—but Mallory engineers can certainly help in its solution.

Mallory creative developments know no compromises. The Mallory Grid Bias Cell is an excellent case in point. Radio manufacturers were not satisfied with results until Mallory entered the picture. They required a new design—and they got it. They needed greater flexibility. Mallory supplied it! Thousands of Mallory Grid Bias Cells have been servicing household and auto receivers everywhere for years—with phenomenal success.

Think of it—and act in the interest of your own product development. Put your problem up to Mallory!

P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA

Cable Address—Palmallo

MALLORY

PARTS FOR RADIO, ELECTRICAL,
AUTOMOTIVE AND INDUSTRIAL FIELDS

Power Loans Stand

No allotments to be rescinded, says Ickes; Supreme Court expected to decide fate of 28 cases.

SCENTING a deep-laid plot to cripple municipal power plant construction by stalling PWA aid in the courts until after the Dec. 15 deadline for awarding contracts, PWA Administrator Ickes has announced that no allotments for municipal power plant construction will be rescinded, deadline or no deadline.

To date, PWA has loaned \$17,339,016 and granted \$11,544,554 to 92 existing and 83 new municipal electric systems. Court actions brought by privately-owned utilities blocked, more or less temporarily, 28 of them. The final word will not be said until one of these is decided by the United States Supreme Court and the only case to progress that far, Kansas Utilities Co. v. Burlington, Kan., was withdrawn by the company before arguments were heard. (The Burlington allotment is still under injunction by the District of Columbia Supreme Court in a separate action.)

Probable winner in the race for Supreme Court attention is the case of Oklahoma Utilities Co. v. Harold L. Ickes et al., involving Hominy, Okla., initiated in the District of Columbia Supreme Court, which dismissed the bill, and appealed to the District of Columbia Court of Appeals, which heard arguments Oct. 7.



Harris & Denny

TOP OF TEXTILES—General approval greeted the recent naming of Claudius F. Murchison as president of the Cotton-Textile Institute, succeeding G. H. Dorr, who became chairman of the board. As director of the Bureau of Foreign and Domestic Commerce, Mr. Murchison had much to do with textile problems.

Stevedore Strike

Ali Atlantic ports threatened with shutdown to tie up New Orleans cargo and force unionization there. Pacific Coast also hit.

NEW YORK longshoremen working coastwise ships struck for a few hours last week, partly to get a shorter working week, partly in sympathy with strikers at Gulf of Mexico ports. Though a truce was patched up, there remained the possibility that longshoremen at all Atlantic ports would refuse to unload goods loaded at Gulf ports by non-union or "independent" labor.

On the Pacific Coast some ships have been tied up for the same cause.

Joseph P. Ryan, the brawny, \$15,000-a-year president of the International Longshoremen's Association, has been threatening the embargo. The union contract with Atlantic coast shippers expired Sept. 30 but was temporarily renewed. Ryan says there will be no permanent settlement that does not include a means of unionizing New Orleans.

Apparently if Ryan carries out his threat, all New Orleans port business

will be tied up. If he doesn't carry it out, the Gulf strike will fail.

If it fails, if shipping companies at New Orleans continue employing non-union stevedores at comparatively low wages, shippers at other ports will try to free themselves from dependence on the I. L. A. So the New Orleans strike is vitally important to the union.

The strike has affected Texas ports because of the sympathetic efforts of union men there to cripple the ports of New Orleans and St. Charles, La., Gulfport, Miss., and Mobile, Ala., where the I. L. A. has been struggling to win recognition. The port of St. Charles has twice been shut down because of bloodshed. In New Orleans, however, the strike has generally been peaceful.

Boom at New Orleans

New Orleans has been enjoying its biggest port business since the war, with an average of 46 sailings a week. The heavy cotton and oil movement to Europe and Africa was the main cause. To some extent, however, the sympathetic strikes elsewhere have helped New Orleans. For example, when a Japanese ship carrying cargo for Houston and New Orleans reached Houston, the union men refused to un-

load even the Houston cargo, and so the ship sailed on to New Orleans and unloaded both cargoes there.

The New Orleans shipowners have been doing business with two "independent" unions, which Ryan calls company unions, since 1932. Contracts, calling for 75¢ an hour, and \$1.10 for overtime, do not expire till 1937. The I.L.A. has not been generally recognized since 1923. If it wins the strike, it will take in many or most of the "independent" union members, who will be paid higher wages.

Most Coal Coded

Pending a court decision on Guffey Act, majority of producers are signing up to get rebate.

DESPITE the rebellion of 5 big soft coal producers, most of the industry seems to be signing the new code, under the Guffey Act. The Supreme Court may kick it in the pants before long, but if there is a chance that the tax of 15% will stick, the producers don't want to risk losing the 90% rebate to code members.

The National Bituminous Coal Commission announces that the code has already been accepted by 1,875 producers, who in 1934 produced 160 million tons. This is out of a total of 338 millions, 20% of which was produced by captive mines.

The signers are in 14 districts, and they represent production percentages ranging from 48% in the most reluctant district to 97% in the most ardent.

9 Districts Undecided

There are 9 other districts. No. 8, (West Virginia, Virginia, Kentucky, Tennessee and North Carolina) has organized but the percentage of tonnage which has accepted the code is not yet reported. District No. 9 (western Kentucky) has reported only 6% of tonnage signed, but is not complete. Districts No. 13 (Alabama, Georgia, and part of Tennessee), No. 15 (Kansas, Texas, Missouri and Oklahoma), No. 18 (New Mexico), No. 19 (Wyoming), No. 21 (the Dakotas), No. 22 (Montana), and No. 23 (Washington), have not yet held their meetings or reports are not in.

Soft coal men, meanwhile, are awaiting the reaction of the railroads to the commission's warning that mail carriers can buy only from producers who sign the code. But as the railroads contend that they carry the mails at a loss, they may not be eager to buy code coal if they can get non-code coal cheaper.

Railroads buy much of their coal from the 5 big producers who have refused to sign. Here is another reason why early action by the Supreme Court is hoped for.

New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

FOR faster and better results on small work, Monnier Bros. offer a portable air grinder that is only 5 in. long, weighs 8½ oz., fits conveniently into the operator's hand, will run up to 100,000 r.p.m., and is advertised as being self-cleaning.

SCALE BUOY is announced by John G. Kelley, Inc., as a device for removing and preventing scale in tanks where water is heated. It is a glass container which holds 3 inert gases and treated mercury, will stand up to 400 deg. F. and up to 1,000 lb. pressure. According to its manufacturer, it loosens existing scale, prevents new scale and corrosion through electronic action.

AIRWAY VENTILATED BUFF is offered by the Jackson Buff Corp. as self-ventilating, self-cooling, and so designed as to eliminate flying lint and reduce smoke and fire hazards, while permitting use at high surface speeds and combining substantial savings in buff compounds with faster output.

DURA-PRODUCTS MFG. CO. announces Duradant non-rusting, all-metal, light-reflecting signs for indoor and outdoor use at points where both night and day effectiveness is desired. The light-reflecting surfaces are supplied in silver or 4 different colors.

A MARK-TIME switch, offered by M. H. Rhodes for use on electric clothes washers, shows on the dial the time and water temperature needed for washing various kinds of fabrics and may be set to start and stop the washer at the time required to give specific materials the exact period of washing found necessary.

CORONA portable typewriters are now furnished by the L. C. Smith & Corona Typewriters, Inc., with the Keller Animal Keyboard which shows pictures of animals and birds on colored keys that correspond with colored animal rings to be worn on the child operator's hands. Purpose is to stimulate early use of the typewriter by children and facilitate learning the touch system.

THE new Hancock Flocontrol valve marketed by the Consolidated Ashcroft Hancock Co. has a micrometer-setting indicator, stainless steel disc and seat ring, permits flow control to 1/100 of a turn of the handwheel, is recommended for process plants where accurate valve settings are necessary and must be duplicated exactly.



The INVISIBLE THIEF!

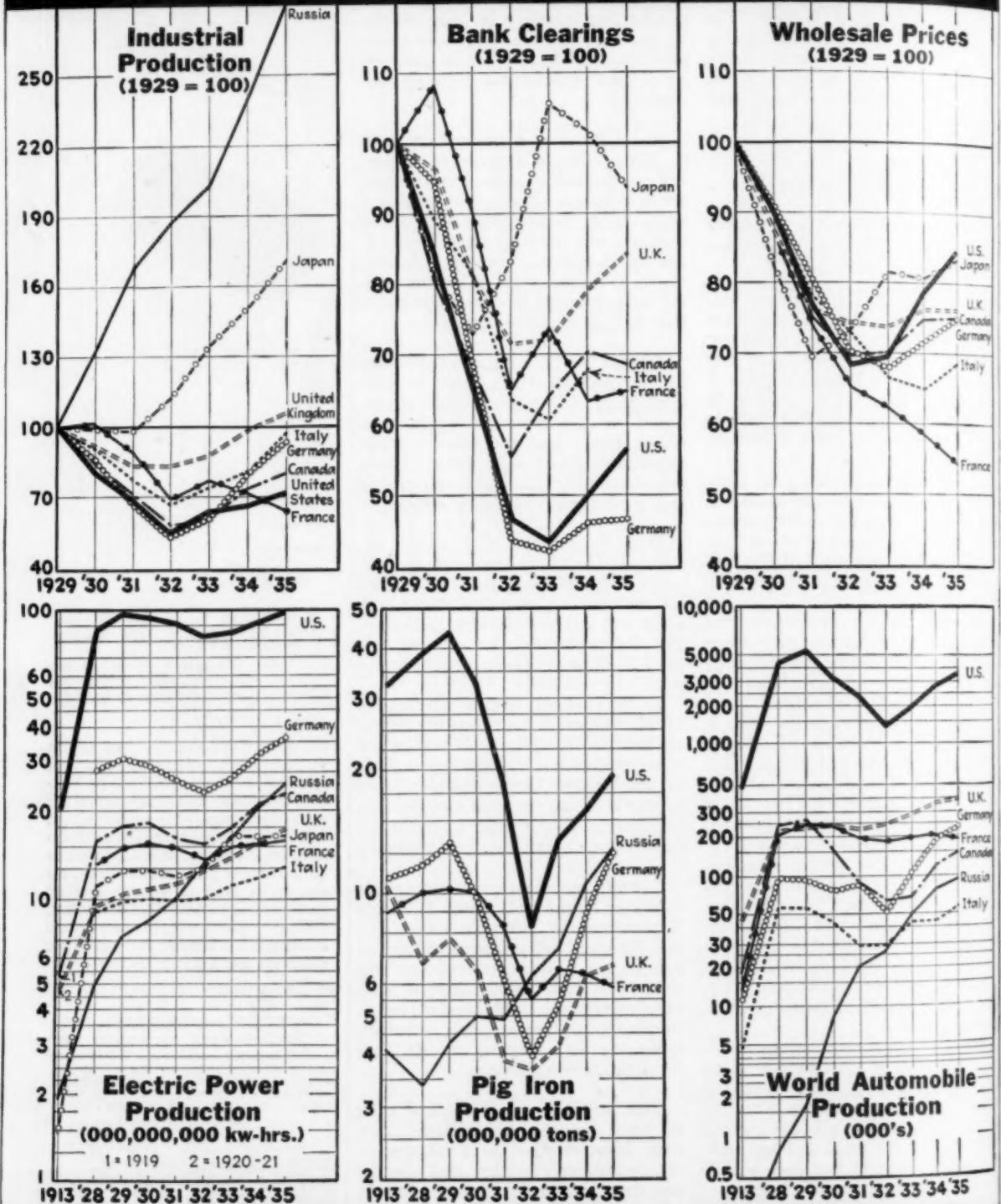
Vibration is the invisible thief that is robbing the manufacturing plants of this country of millions of dollars annually. If you are interested to learn how you can stop much of this waste in your plant—how you can improve the quality of your production—lessen the depreciation of your machinery—and increase the efficiency of your workers—send for a copy of "A Study of Vibration in Plant Machinery." This booklet is just off the press. We shall be glad to send you a copy without obligating you in any way. Just tear off the coupon and drop it in your mail today!

THE FELTERS COMPANY, INC.
210 SOUTH STREET, Dept. B, BOSTON, MASS.
Manufacturers of Felt and Felt Products
MILLS AT MILLBURY, MASS. JOHNSON CITY, N. Y. & JACKSON, MICH. BRANCHES AT NEW YORK PHILADELPHIA • CLEVELAND • DETROIT • ST. LOUIS CHICAGO • LOS ANGELES • SAN FRANCISCO • DALLAS

THE FELTERS CO., INC. Dept. B 210 South St., Boston
Send along "A Study of Vibration, etc."
ATTACH TO LETTERHEAD OR CARD

RECOVERY RECORDS

What's happening to business in industrial countries abroad compared with progress in the United States



Business and prices compared with 1929, and industry measured against 1913 output—to show the new lineup of the nations

All 1935 Data estimated

BUSINESS WEEK

Fore
There
from th
TAIN
the Brit
ashed ea
at posit
ually buy
market out
British
out 17%
the Cana
sch. Jap
until the
world text
man used
al exports
ount, mu
textile
France ha
German
Almost o
mad go to
Tw
Only 2 o
re increa
particularly
Favore
ent which
ed quanti
y importa
ned aroun
United S
es, and te
There's no
xico yet,
er (Mexi
ducer) at
ught pro
th a big
ring mod
achinery, an
movements
freely i
tries bou
es in the
Our sales
ed more
the bigg
of the lev
1934 and
g 10" cu
an and the
business
ical unset
pressure in
Why G
German pu
ch as Chin
berate Ge
chases to
e them v
ds. The
k, and Fr
ch our bus
Washington
e's share i
after a n

Foreign Trade Panorama

Where we sell abroad, and what states are profiting most from the revival of foreign buying in this country.

BRITAIN is once more our best customer. The British and the Canadians have pushed each other back and forth in that position for years. Together they usually buy about one-third of all we market outside our borders. This year the British are on top so far, have taken about 17% of all we have had to sell. The Canadians have bought almost as much. Japan has stuck to third place. Until the Nipponese ran away with the world textile markets a few years ago, we used to buy only about 4% of our total exports. Now they take twice that amount, much of it raw cotton for the textile mills around Osaka. France has bought less than Japan, Germany has slipped to fifth place. Almost one half of the goods we sell abroad go to these 5 customers.

Two Bought More

Only 2 of our 10 largest customers have increased their business with us spectacularly this year: Cuba and Mexico. Favored by the new trade agreement which makes it possible to sell a large quantity of sugar (the island's important export crop), Cuba has increased around and spent the money in the United States for lard, and automobiles, and textiles.

There's no new trade agreement with Mexico yet, but our huge purchases of sugar (Mexico is the world's largest producer) at the new high prices have brought prosperity to the Mexicans. With a big road-building program requiring modern grading and paving machinery, and new rail lines and port improvements, the Mexicans are spending freely in this market. Only 6 countries bought more in the United States in the first 3 quarters of this year. Our sales to 5 good customers decreased more than 10%. China sales, the biggest fall, dropped to almost the level at which they had stood in 1934 and forced China out of the top 10" customer list. The silver war and the unsettlement to Far East business is blamed, along with the political unsettlement caused by Japanese pressure in the north.

Why Germany Dropped

German purchases declined almost as much as Chinese, but this is due to the liberal German policy of shifting purchases to countries which will balance them with orders for German goods. The Dominican Republic, Denmark, and France are other markets in which our business declined. Washington is able to compute each country's share in our total foreign trade after a mass of material has been

assembled and analyzed. Because Soviet orders are placed through a central purchasing agency in this country—the Amtorg Trading Corp.—and because officials in the New York office of the Amtorg check orders placed rather than shipments made, their records give a preliminary analysis of the states which are getting the lion's share of the export new business.

For the first 9 months of this year, the Soviets bought about \$33 millions worth of American products. More than 700 American firms are sharing this Soviet business, nearly half of which was placed between July and September. Pennsylvania got the largest volume of business, with New York and Ohio vying for second place. Michigan and Illinois are running neck and neck for third. Important orders were also placed in Connecticut, Massachusetts, and Vermont.

Russia Comes Back

In the rush to complete Russia's vast industrial program outlined in the second Five-Year Plan, the Soviets have suddenly revived their interest in American machinery. Nearly \$12 millions of this year's orders were for machine tools, forging and foundry equipment, and dies. The rest of the orders were for metallurgical equipment, car wheels and axles, tinplate and sheet steel, ferro-alloys, and oil refining equipment.

Largest single order went to the United Engineering & Foundry Co., of Pittsburgh, for electrically-driven steel rolling mill equipment costing \$3½ millions. Second big order was for \$1½ millions of oil refining equipment, and went to Alco Products, a subsidiary of the American Locomotive Co.

Pennsylvania orders were scattered principally in 4 towns: Pittsburgh, Philadelphia, Washington, and Waynesboro. Orders for machine tools, oil refining and electrical equipment in New York state will be filled largely in Rochester, Niagara Falls, and Dunkirk. Cleveland, Cincinnati, Toledo, and Tiffin carried away the bulk of the Ohio business. Practically all Michigan orders will be filled in Detroit. Connecticut business is scattered through Hartford, Bridgeport, Waterbury, and Ansonia. Worcester, Cambridge, and Springfield are filling Soviet orders in Massachusetts. Rockford is doing most of the Illinois business, which is largely machine tools.

In spite of their credit record, and in spite of increasing shipments of gold concentrates and low grade ores to this country for final refining, the Soviets

Practical Sympathy

There is no greater crisis for any family than that which comes when its chief provider dies.

GROUP INSURANCE

enables the man for whom he worked to indicate sympathy in an ideal yet practical way.

To Employers:

May we show you a plan?



THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

EDWARD D. DUFFIELD, President
HOME OFFICE: NEWARK, N. J.

Do You Want INCREASED SALES to California's Industrials?

For over 15 years this man has successfully sold to key buyers in California's broad industrial market. Has personal entries in engineering, maintenance and purchasing departments of major oil companies, utilities, railroads, steamship companies and industries. Present conditions will permit him to increase sales for one or two reliable manufacturers of first quality products. Can you use his successful experience to mutual advantage?

RA-222, Business Work, 883 Mission St., San Francisco.



There is no factory or commercial building that cannot be cleaned better and more economically with -

INVINCIBLE HEAVY-DUTY PORTABLE VACUUM CLEANERS


May we tell you more?

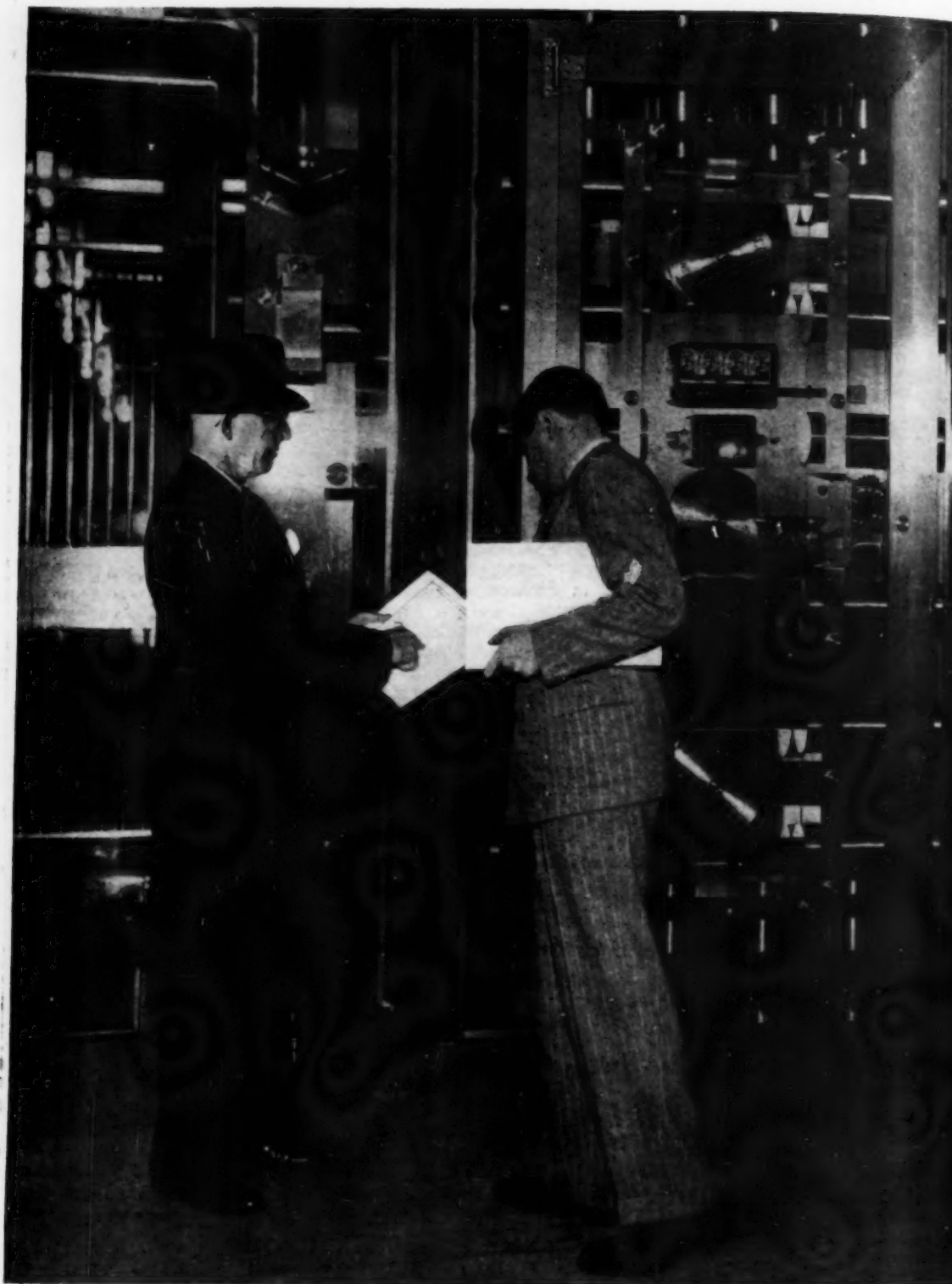
INVINCIBLE VACUUM CLEANER MFG. CO.
2511 DAVIS ST. EST. 1905 DOVER-OHIO

You'll get a bigger KICK out of the games if you read

LOU LITTLE'S
Spectator's Guide Book
HOW to WATCH FOOTBALL

\$2.50 *illus. Whittlesey House*





Bank of the Manhattan Company Vault Room, New York.

"How's business, Ed?"

"Here's how. Going up just the same as this Business Week Index that we keep watching each week."

... been
... its her
... equip
... d high
... one bog
... in al
... Japanes
... lets.
... rating a
... South
... re that
... Latin
... one ac
... flood
... in ret
... s—coff
... on. Th
... ee. Sug
... ets near
... been pu
... Meanwhile
... n's most
... these of
... e bough
... India.
... though J
... ness of a
... ery small
... Arger
... largest m
... goods we
... total in
... first par
... ed to m
... ncrease,
... United S
... of the in

A CURRENT
... eers put fa
... hall, United
... me Corp.;
... device and t

VENBER 9,

been unable to secure satisfactory results here so are buying most of the equipment for cash in order to get high interest.

The bogey which continues to lift its head in all foreign trade meetings is the Japanese threat in Latin American markets. While the Japanese are concentrating a lot of sales effort in Central and South America, there is small evidence that they are making much headway.

Latin American nations, almost without exception, are refusing to accept a flood of Japanese goods unless in return will take their raw materials—coffee, sugar, oil, wool, and iron. The Japanese drink very little sugar. Sugar comes in from southern Mexico nearer home. Some petroleum has been purchased from Ecuador and

Meanwhile, Australia continues to be the most profitable market for the export of wool, and cotton continues to be bought in the United States and India.

Though Japan's share in the total business of any Latin American country is very small, it is increasing in a few instances. Argentina has turned out to be the largest market. Imports of Japanese goods were a bare 2% of the country's total in 1933 and 1934, but for the first part of this year they have risen to more than 4%. In spite of this increase, Britain still supplied 22%, the United States 15%, and Germany of the imports.

On to Florida


Promise of old-time travel to Florida puts more trains on run from Chicago.

RAILROAD travel between Chicago and Florida is to be speeded up this winter, and new trains are to be added; improved conditions in the South and prospects of a 10% to 20% pickup in passenger travel are responsible for the carriers' moves.

After being compelled to run the seasonal de luxe "Floridan" for 3 years on a thrice-a-week schedule—it was on a daily run for 10 years before the trough of the depression—its operators are going back to a daily schedule early in January, with a running time "faster than any heretofore in effect."

"The Floridan" is operated by Illinois Central in through service with the Central of Georgia, the Atlantic Coast Line, and the Florida East Coast. The increased service is based on figures which show volume of passengers handled on Florida trains last winter exceeded that in the winter of 1931, last previous season the crack train was on a daily schedule.

Chicago & Eastern Illinois for similar reasons is adding a new "Dixie-land" train to its Dixie Flyer fleet, cutting about five hours from previous seasonal schedules between Chicago and Florida points. As a result, there will be only one night spent in the train.



**THE
COMPLETE GUIDE
FOR 1936**

For mfrs., bankers, exporters preparing now for big 1936 profits in foreign markets. Covers sales expectancies, pay-dirt fundamentals, technique of exporting, sales abroad, etc. Only \$2.50. At your bookstore, or order direct from J. B. Lippincott Co., Washington Square, Philadelphia.

**WORLD
MARKETING**

By D. V. COLLINS, Marketing Authority

WHAT'S AHEAD for These Stocks?

Sears, Roebuck	Pacific G. & E.
Gen. Motors	Penn. R. R.
Mont. Ward	Am. Smelt.
Phelps Dodge	Columbia Gas
Briggs Mfg.	Allis-Chalmers
Burroughs	Bendix
Comm. Credit	Paramount


Current UNITED OPINION Bulletin summarizes definite market advices of the leading financial authorities on the above active stocks. Introductory copy free on request.

Send for Bulletin B. W. 4, FREE!

UNITED BUSINESS SERVICE
210 Newbury St. Boston, Mass.

DE-FUMES, DEODORIZES

Sweetens Old Pipes



**PIPE 25¢
SWEETENER**

MADE BY THE MAKERS OF

**Drinkless
KAYWOODIE**

PROVED THE BEST SMOKING PIPE IN THE WORLD

KAUFMANN BROS. & BONDY, INC., NEW YORK, N. Y.

Graphic Chart of E. & M. J. Metal Prices

Published by
ENGINEERING & MINING JOURNAL
The standard authority

Copper, Lead, Zinc, Tin, Silver

Price Curves since 1897
Monthly prices since 1920
Daily prices for 1934

World Production for past 50 years
World Production by Countries for past 5 years

Price \$1.00

Order this authoritative chart now
ENGINEERING & MINING JOURNAL
330 West 42nd Street
New York, N. Y.



CURRENTS ON AIR WAVES—To broadcast weather maps to ships at sea, engineers put facsimile reception by radio to its first practical test. Dr. James H. Hall, United States Weather Bureau; H. M. Martin and I. F. Byrnes, Radio Engineering Corp.; and S. Serebreny, New York University (left to right) examine the device and the clear, detailed map which it produces.

ADVERTISING CAN DO THE . . .



Penny-a-call
SALES WORK

IT costs about 1c. to send your *printed* salesman to a prospect through the McGraw-Hill publications. He'll get in, too.

He'll see the men who influence buying—even those who "don't see salesmen." He'll do the missionary work and create the desire to buy. He'll smooth the way for your flesh-and-blood salesmen to put their valuable time to the all-important job of *closing the sale*. Are you using valuable man-power to do *penny-a-call* sales work? Doing this work, and doing it effectively, is the proper function of advertising.

McGRAW-HILL PUBLICATIONS

McGraw-Hill Publishing Company, Inc., 330 West 42nd Street, New York, N. Y.

American Machinist
Aviation
Bus Transportation
Business Week

Chemical and Metallurgical
Engineering
Coal Age
Construction Methods
Electrical Merchandising

Electrical West
Electrical World
Electronics
Engineering and Mining
Journal

Engineering News-Record
Factory Management and
Maintenance
Food Industries
Metal and Mineral Markets

Power
Product Engineering
Radio Retailing
Textile World
Transit Journal

Business Abroad

China nationalized silver this week, and attempted to put the currency on a "managed" basis. French francs are again under pressure. London and Rome are likely to come to terms after Britain's Nov. 14 elections.

CHINA nationalized silver this week, and moved to put her currency on a "managed" basis, but the world expects something even more significant to develop out of the affair.

It is likely that Britain knew what was coming and had agreed in advance to support the step. Washington may have known of the deal, but the only cooperation expected from the United States is a continuation of the present silver buying program at approximately current levels, and no further devaluation of the dollar.

Japan avowedly was caught unawares. Actually, the Japanese probably foresaw the move, but are unlikely to oppose it, for almost certainly they have some sort of a "deal" with the British to confine their expansionist ambitions (at least for the present) to North China.

Four Government Measures

To attempt to reorganize Chinese finances, the Finance Minister issued 4 regulations this week. All silver in the country is nationalized immediately. This means that private holders must turn over their silver stocks to the government just as gold was conscripted in the United States 2 years ago. In payment for their silver, Chinese holders are to receive new notes issued by the government against its stocks of silver.

As a second step, the government is calling in all bank notes except those issued by 2 authorized banks: the Central Bank of China, and the Bank of Communications of Shanghai. All future issues for the next 2 years will be made by these 2 banks.

At the end of that time, the Central Bank of China will be made a central reserve bank for the entire country, and will have the sole right to issue notes.

Finally, the government declared that it would attempt to maintain the present exchange value of the Chinese dollar (currently around 30¢).

No Market Reaction

Silver markets failed to react to the move, indicating that there was probably less dumping of silver by speculators than was expected and that Washington continued to buy whatever was available in the open market at the price fixed in the silver program.

Latest spectacular drain on the Chinese dollar started about a month ago. Within that period, it declined in value on foreign markets nearly 20%. One way of stopping this decline is to stop the flow of silver (which is the backing for Chinese money) from the country.

Abroad there are varying views of the probable effectiveness of this move by the Chinese Finance Minister. China has a notoriously weak hold on its business and finances. The bulk of the country's foreign trade is handled through Shanghai, and foreign banks have always carried on much of the business. British banks have promised

to cooperate. Americans may follow. These combined efforts may effectively stop the smuggling of silver out of the country. It will not force out of hiding the vast quantities of silver which the millions of Chinese farmers have been accumulating and hoarding for centuries. That is saved for the time when silver, hidden away under the paving blocks of the courtyard, is all that is left to buy rice or wheat in a famine year, or to ransom some member of the family unfortunate enough to have been kidnapped.

There is the suspicion that London has promised China a loan to help meet the current crisis. Not even London will confirm this now. It is known that the British and the Japanese have been bargaining their Far Eastern problems. Japan's energetic penetration of the 5 provinces nearest Manchukuo indicates that the Nipponese are going to "adopt"

this area whether they have British consent or not. If Britain can keep out of trouble in Europe, it is not likely that Japan will move into the big Yangtze basin for a few more years. But if Britain becomes embroiled in Europe or Africa, it will be only a short time before the Japanese dominate all China.

This week's move makes it look as though the British were once more putting on a bold face in the Far East. They may even be willing to make fresh investments in China to preserve those made long ago. But their sphere of influence is constantly narrowing, and the principal encroacher is Japan.

With the deadline for the application of economic sanctions against Italy only a week away, the futility of the scheme without the full support of all big supplying nations was made clear by Washington, when it was revealed that United States oil shipments to Italy for August and September alone were 600% above the totals for the same two months last year.

Oil for Italy

Rummaging Department of Commerce officials disclosed this week that United States ports along the Gulf of Mexico have been making record shipments for more than 8 weeks, many of them consigned directly to Italian ports. Oil is the outstanding item, but cotton is also supposed to be moving in large quantities. Italy is dependent on foreign supplies of both materials. Much of Italy's oil in the past has come from Russia and Rumania. Cotton is always bought in quantity both here and in Egypt. The Egyptians, while joining in the general boycott, have refused to include cotton, their major export crop.

Italy may be inconvenienced by the



NEVER SAY STUMPED—A new way to get around an old problem is demonstrated at the autumn fair in Leipzig. Stumps may be cut off close to the ground with this semi-circular saw, which is operated by means of a hand lever.

applications, but the country is not likely to go without many major supplies so long as the large nations controlling raw materials refuse to cooperate on a general embargo.

Paris reports interesting developments in the new war trade with Italy which emphasize angles of particular interest to Europe. During the first 6 months of this year, Italy imported nearly 1 million tons of coal more than in the same period of 1934. Germany was the leading supplier, but British mines supplied only a little less. Poland increased shipments almost 50%, and the Turks doubled their coal sales to Italy.

Large quantities of coal are now entering Italy through Austria, coming from Germany, Holland, and Sweden. Germany is reported to be accepting payment from Italy in the form of stock in Austrian companies and in bonds of the League of Nations loan to Austria, some of which have been held by Italians. This is greatly increasing Germany's financial hold on Austria and is, in the minds of most thinking Europeans, speeding the day when Germany will complete the *Anschluss* with, or actual annexation of, Austria.

France

Threatened swing to the Left weakens the franc, boosts demand for foreign securities. Film import quotas are postponed.

PARIS (*Wireless*)—Business sluggishness in France, the weakness of the bond market, and the increasing discount on forward francs indicating a renewal of monetary misgivings are all due to the internal political situation in France.

The present government is theoretically a coalition, no one party—or even 2 parties—being willing to take the onus which is bound to fall on any government during a period of serious deflation and critical foreign developments. Backbone of Laval's support is the Radical-Socialist party, which is so large that its Left and Right Wings are far apart in their thinking.

Plaguing this party and the government are 2 growing organizations in France: the Fascist group (called the Croix de Feu) and the Common Front (Front Populaire). The Fascists are extremely nationalistic, are naturally pro-Italian and completely antagonistic to the Common Front, which is a recent coalition of Socialists and Communists.

Opposed to Fascists

The Radical-Socialists held their party convention a week ago and, after much argument, reelected Edouard Herriot chairman and agreed to support the Laval government, but not before they "recommended strongly" that the Fascist groups be dissolved or at least curbed, that the middle and lower classes be spared some of the onerous taxes demanded by the government in its efforts to balance the budget, and that France stand behind the League.

What the well informed Frenchman

realizes, however, is that the convention really was not in accord and that the party members in the cabinet are likely to forget their duty to the Leftist members and fail to force some of the more socialistic reforms demanded. If this happens, the Laval government almost surely cannot stand for more than 2 or 3 months after parliament reassembles at the beginning of the year. If this happens, the next government almost certainly will be more radical, though it is not likely to be a purely Common Front government, for no party wants to take sole responsibility for developments the last few months before a general election, and one is due in France next May.

It is undoubtedly this feeling which has been behind the weakness of the franc this week, and the demand for foreign securities. France is probably facing another test of the gold standard. If the Laval government falls suddenly, it might also drag the franc with it.

Not included in the final rush of emergency decrees completed by the Laval government just in time to receive the Presidential signature before Nov. 1 was one limiting the import of motion pictures. It is only postponed, however, for the government is already planning a bill which will be presented to parliament as soon as it reassembles. American films will be most seriously affected if it is passed.

Great Britain

Tories offer financial guaranty for \$650-million public works program as election bait. Britain may end government-controlled broadcasting next year.

LONDON (*Cable*)—In spite of the fact that the Baldwin government almost certainly will win in the Nov. 14 election, they assured themselves of additional support this week by outlining a big \$500 million, 5-year road-building plan, and offering to guarantee a \$150-million railroad modernization loan. Together, these will provide work-making programs utilizing \$130 millions a year for 5 years and assure employment to many still on the dole.

The road program will improve Britain's main highways, eliminate grade crossings, and provide new bridges.

The railroad modernization plan includes further installation of automatic train control systems, double-tracking more lines, some electrification, and the building of new locomotives and rolling stock.

Business is optimistic. Unemployment declined another 42,000 in October. September retail business was up 8.1% and sales for the first 9 months were 5.3% ahead of last year. Shipping is more active, and textiles have improved. Only serious black spot is the labor situation in the coal mines.

Britain still has government-controlled radio broadcasting, but there is a possibility private interests will take it over.

Government control is exercised

through the British Broadcasting Corp. (BBC), whose charter expires next year. A new company—Commercial Broadcasting Corp. of Great Britain—is preparing to open 3 stations and many believe this indicates that Britain is tired of the controlled system. Says the *Advertisers' Weekly* of London:

"Whatever the decision is, there will be a period of a fortnight between 1934-37 when the air will be free, for 2 weeks must elapse between the expiration of the charter and the granting of a new one. During this period, we shall be putting on sponsored programs which, we hope, will arouse public opinion sufficiently for us to continue. Three hundred advertisers are lined up for the venture."

British Like Sponsored Programs

The British have been dissatisfied with BBC programs for a long time. Imperial Broadcasting Corp., London, got around the problem by leasing time on big stations on the Continent from which commercially sponsored programs in English were broadcast. Finally, they erected their own stations.

In a recent survey of 9,200 British homes in 3 cities, they found 77% were radio owners, and that 61% of all owners listened to English programs from Continental stations. Nearly all of the owners listen to sponsored broadcasts from abroad on Sunday afternoons. Radio Luxembourg attracting half the families by its American-style programs. IBC is doing a big sponsored-program business with British advertisers, runs its own magazine announcing programs and carrying advertisements of British radio equipment companies.

Germany

Berlin fears export loss following China's move to join sterling bloc. New trade treaty with Poland may cut into American sales.

BERLIN (*Cable*)—China's move to nationalize silver is considered here to be a distinct defeat for Roosevelt and a victory for the British because it means virtually the extension of the sterling bloc to include China. Germans fear it will affect their sales in the Orient which have picked up considerably in the last year.

At home, the high cost of living is beginning to cause trouble for all business. According to the Business Research Bureau, production of consumable goods is nearly 25% above 1932 levels, but consumption by the public is up a bare 9%. Retail sales in September were actually lower than they were in 1934, and food prices are rising so rapidly that food absorbs an increasing part of the average man's income.

A new treaty with Poland grants Germany unconditional most-favored-nation treatment and is an important step toward closer trade relations with Eastern Europe. It means that American goods will run into stronger competition in the Polish market, and that German-Polish cooperation is expanding.



World World

MORE LIGHT, MORE AIR—East and West, architecture yields to the functional trend. The new office building for the People's Commissariat of Light Industries in Moscow (right) actually has

no ground floor, which facilitates deliveries, parking, and traffic generally. Tokyo's newest structure features a novel window arrangement to eliminate dark corners.

German trade with the United States is likely to contract further, now that the list of items eligible for private barter with the United States has been restricted again.

Soviet Union

Stimulated by higher prices and the chance to own small properties again, peasants quickly fulfill cotton deliveries to government.

Moscow (Cable)—Private ownership, though still pretty severely limited, is proving a far greater incentive to increased output in the Soviet Union than the pure communism of the early days after the revolution.

This compromise was carried so far last year that Moscow authorities not only decreed that peasants on the state farms be allowed to own a small piece of land for private cultivation, but that they be aided financially in securing a cow, some sheep, and a few chickens.

Plenty of Cotton

Results have been striking, particularly in the rich cotton-growing region in Tadzhikistan. A year ago this region was a hotbed of sabotage on the part of peasants who were unwilling to cooperate in the growing of a crop in common with all neighbors. This year, satisfied with personal plots on which to raise their own food, they cooperated wholeheartedly in the production of cotton and were the first to complete deliveries to the government. The fact that more than 80% of the cotton which was to be delivered to the government had been collected by the end of October, in contrast to a bare 20% a year ago, indicates the improved situation on the "cotton front." In addition to the granting of small farms to the workers, the government this year tripled last year's cotton price and offered generous bonuses for production above the requirements of the Plan.

Significant to the outside world is the fact that the Soviets have complete control of the situation, and that they are willing to make large compromises when conditions demand. The threat of trouble on both the eastern and western frontiers demands that the population be kept satisfied if Russia is to receive cooperation when in trouble.

Canada

New Prime Minister visits Roosevelt to plan "big push" on reciprocal trade agreement. Reform legislation will be tested by the Supreme Court before Nov. 27.

OTTAWA—Negotiations for a Canada-United States reciprocity trade treaty are on again reaching the stage where Prime Minister Mackenzie King visited Washington as the guest of President Roosevelt at the White House. Permanent officials of the Ottawa government, who had the details of treaty negotiations in hand under former Prime Minister Bennett, have been instructed to be ready to leave for Washington any day. The new government clearly intends to push negotiations in an effort to have a pact signed before Parliament meets, early in the new year. The Washington government, it is reliably understood here, is anxious to cut into Bennett's empire pacts which lost American exporters considerable trade to Great Britain. Mr. King proposes to seek revision along the line of lower inter-Empire tariffs which would permit lower tariffs against foreign countries, while maintaining a substantial Canadian preference to Great Britain.

Mr. King has offered the post of Canadian Minister to the United States to John W. Dafoe, distinguished editor of the Winnipeg *Free Press*, a leading Canadian newspaper. Dafoe declined the appointment but King has asked him to reconsider and hopes he will

go to Washington. Dafoe, who is well known in the United States where he frequently gives addresses, has an intimate knowledge of trade and tariff matters, strongly favors lower tariffs.

The Dominion-provincial conference on unemployment, constitutional matters, and federal and provincial financial problems is called for Nov. 27. Before that date the Ottawa government will have set up a national unemployment relief commission to handle the whole work of relief.

This week the government referred to the Supreme Court of Canada all legislation passed at the last parliamentary session arising out of the report of the Stevens Commission on business practices, the unemployment and social insurance act, and the minimum wage and maximum hours of work acts. The Court is asked to rule on the constitutionality of these acts, and the government hopes for a decision before the Dominion-provincial conference (Nov. 27) in order that steps may be taken at the conference to achieve some of the aims through agreement between the dominion and the provinces.

Confidence in Government

Taking advantage of popular enthusiasm for the new government, Finance Minister Charles Dunning opened books for a \$75-million domestic bond issue on Monday of this week. Within 3 hours, the issue was 100% oversubscribed. Of the issue, \$20 millions was for 4 years at 2%, selling at 99.43 to yield 2.15%, and \$55 millions was for 20 years at 3%, selling at 98½ to yield 3.08%. The money is for current use, not for re-funding.

The change of government has not halted the tariff board investigation into the differential between automobile prices in Canada and United States. The government probably will be in sympathy with any finding showing the differential to be too great. A problem is that of parts manufacturers, who claim lower tariffs would force Canadian automobile makers to import parts.

Money and the Markets

Trend away from easy-money spending is shown in elections, cheering finance. Large attendance at Automobile Show is good omen. China's managed currency depends on U. S. Treasury's purchases of silver.

THE financial trade went to politics this week to pluck out a few items of economic interest. With elections in six states, including a great many votes on state or local participation in PWA loan projects, the trend appeared to be away from money-spending.

The net result was not one of real temperance, however, since works projects turned down by voters will in most cases be replaced with direct relief. But it was nevertheless interesting to see the electorate putting its foot down on suggested local expenditures.

Other sources of pertinent financial tidbits were the New York automobile show and the foreign exchange markets. The auto show attracted a large and interested body of visitors. This fact cheered the motor industry, particularly since the show was an experiment in advancing the season, and since the response presages a good year.

Heavy Expense Avoided

Manufacturers this time have been able to slick up their products enough to draw admiring glances, without having to make expensive basic changes. The combination is promising from the standpoint both of industry profits and consumer buying activity.

The sudden abandonment of the silver standard in China had important repercussions in diplomatic as well as monetary circles. Representatives of major nations immediately viewed the Chinese action as an export problem. Japan displayed suspicions that the action was manipulated, probably by Britain with the knowledge of the United States.

Of primary current importance is the market for silver, which remained steady. To put over its nationalization,

China needs a market for silver that will take extremely large sales, which means the United States Treasury, the original cause of all the trouble. Probably the Treasury will be willing.

Gold, as well as silver, put in a bid for attention. In foreign exchange markets the French franc met unusual weakness in future contracts, suggesting that renewed misgivings over the French monetary picture were arising, a condition that has been overshadowed until recently by the domination of African war news.

Meanwhile there is no cessation of the gold movement from abroad, and excess bank reserves here are still rising while monetary experts continue to discuss possible methods of controlling them. The modest advances in call- and short-time money, inaugurated by New York banks in disgust after a long period of unprofitable rates, still hold.

Bull Pasture

Stocks rise on good volume, and bonds also advance, even the low-yielding municipals. Election results give encouragement.

FINANCIAL markets executed some lively capers in the bull pasture, with the stock market out in front on every maneuver. The manner in which volume expanded as the stock average rushed into new high ground for the year and for the movement was heart-warming.

The market was especially tickled with the glints of conservatism that it detected in the elections, although what-

ever scintillations there were in that scrambled voting are not likely to show up in immediate direct benefits to listed corporations. Nevertheless, the reaction was typical of the lusty spirit that prevails in Wall Street, where brokers are even uncovering that rare bird known as the employee bonus.

One place where the press of money is particularly apparent these days is the municipal bond market. Although yields of municipals for some time have been singularly unattractive and practically out of the ordinary private investor's consideration, still further price gains and yield declines have been the rule lately. Yields are about as low as have ever been known. Municipal bond markets were also pleased to learn of the lack of enthusiasm shown by voters where PWA projects involving local funds were decided in the elections.

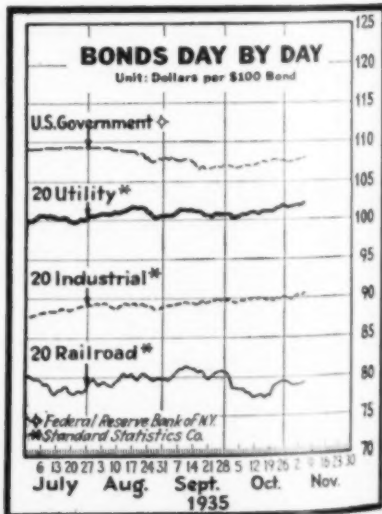
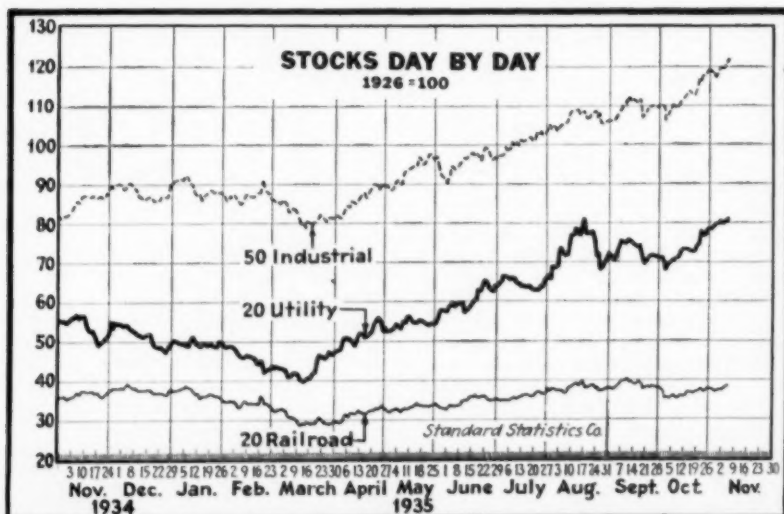
SEC registrations are within \$300 millions of the \$3-billion mark. Current new offerings reaching the market, however, are still in moderate volume.

Odlum, Hertz, TWA

Working control of "Lindbergh Line" acquired by Lehman Bros. and Atlas Corp. from G.M.

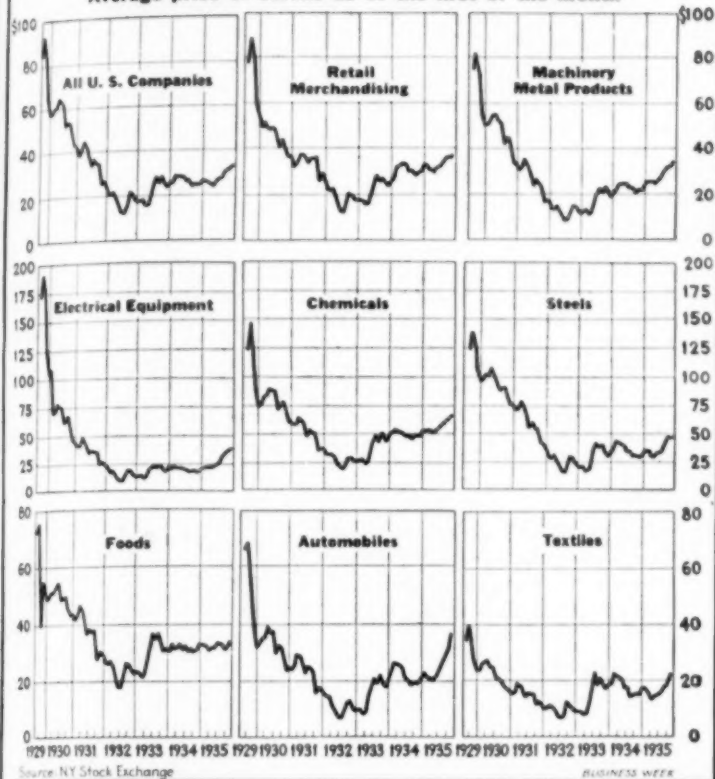
THE Lehman Bros.-Atlas Corp. combination that has participated in a number of important financial transactions recently announced another this week in the acquisition of General Motors' 13% interest in Transcontinental & Western Air, said to be practical working control of the "Lindbergh" line. The price, not officially revealed, was somewhere near the market of 15, which for the \$1,204 shares involved would have meant \$12 millions.

Legal requirements involved in air-mail contracts were the only reason known by the financial district to explain G.M.'s sale of its TWA interest. It acquired the stock on a distribution from North American Aviation last year when lines under holding-company control were barred from mail contracts. North



STOCK TRENDS BY MAJOR GROUPS

Average price of stocks as of the first of the month



American took over Eastern Air Lines and became an operating company. General Motors still has a 30% interest in it, so was in the position of owning parts of two mail-contract holders—a state of affairs also frowned on by the Post Office Department.

The transaction was the third of a recent series in which Lehman Bros. have been associated with Floyd Odium of Atlas, mild in appearance but aggressive in his operations. It was of further interest to the financial district because it brought forth again the big, dynamic Chicagoan, John Hertz, who retired with a taxicab, bus, and stock market fortune in 1929, but has recently, as a Lehman partner, signaled a return to Wall and La Salle Streets.

Commodities Vary

Wheat outlook hurt by Canadian doubt; cotton has a little boom but foreign output is up; cold spell may solve potato problem.

Among the commodity markets, wheat has had moments of strength this week, but the Canadian situation, which a month or two ago promised to influence higher prices here, has taken a depressing turn.

Canada is simply not selling the wheat, and the world is simply not buying at anything like last year's rate. Thus, even

though there is some hope from the new Canadian government, which has already appointed a cabinet committee to supervise the national grain board established by the last administration and may change the selling policies sufficiently to get rid of most of the surplus, there is at the same time a great deal of doubt that Canadian prices can produce the advance that appeared logical three months ago.

And if Canada cannot sell wheat to the world, she may be eager to sell to us, which would be depressing here. It is this possibility that has been hurting our prices since the first of October.

Foreign Cotton Output Up

Although cotton is in the midst of a mild export boom, there is a forbidding trend to world figures that continues to cloud our long-term view. Foreign countries, which last year had a record cotton production, are this year again showing increases. Current estimates are for a new high in foreign production, 6% over last year and 33% above the 10-year average.

A cold spell in the West gave the AAA a piece of potato luck by freezing 5 million bushels of spuds. AAA may now abandon the plan to divert surplus potatoes to starch and alcohol. The potato division, still claiming to be penniless, has allotted 226 million bu. for the national sales allotment, which would indicate a total production of 350 millions compared with 366 millions last year.

6% Auto Plan Copied

G.M.A.C.'s terms are now offered by other manufacturers through Commercial Credit and C.I.T.

EASY money is playing a part in the automobile industry's new sales campaign. G.M.A.C.'s 6% plan (B11—Oct 26 '35) has been adopted by two big competitors, Commercial Credit and C.I.T., and the economy of financing purchases is played up in new car advertisements.

General Motors ads emphasize G.M.A.C.'s plan, Chrysler is plugging the same terms furnished by Commercial Credit, and Nash, Hudson, Studebaker, Reo, and Graham advertise similar accommodation through C.I.T. But Ford is late in falling in line. Its financing is handled by Universal Credit, C.I.T. subsidiary. The delay caused considerable nervousness this week among automobile bankers, who, like automobile manufacturers, can't feel comfortable awaiting a Dearborn announcement.

Detroit banks that led the bank invasion into automobile financing have cut their rates and adopted the simplified mathematics of the G.M.A.C. plan, and the New York Morris Plan Bank is understood to contemplate an offer of actually easier terms, and a campaign for more business in the car-loan field.

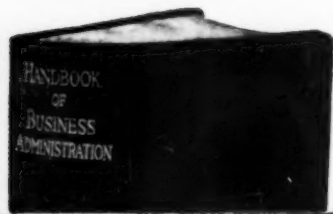
Farm Credit Better

Land Banks and insurance firms do big lending; Wallace warns against land boom.

PARALLELING the reviving prosperity of agriculture is a sharp improvement in the credit status of the farmer. Mortgage loans on farm property have been brought down to successively new levels for the current movement, under the influence of generous competition among private and quasi-public institutions, plus the pressure of idle funds, which are a burden on nearly all large lending bodies.

At present, private lenders and the Federal Land Banks are about splitting even on aggregate loan business, with life insurance companies taking a big share of the private loans. In some short-term loans, the life companies have come down to a 4% interest rate, which gets them about as much business as the land banks can get on their lower interest charges plus miscellaneous commission and application costs. Long-time farm loans on the good properties are carrying 4½% rates, with general averages not much above 5%.

It is not all joy and gladness, however. Part of the easier credit picture is the rise in land values, and this trend has brought frowns and pleas from Secretary Wallace. On occasions lately he has emphatically warned farmers that they must not get involved in the same kind of mess that booming land prices brought in 1919 and 1920, when jumping land values and accompanying tax increases added 30¢ a bushel to the overhead charge against the average bushel of corn.



NOW—

Donald's HANDBOOK OF BUSINESS ADMINISTRATION

—plus a specially prepared STUDY GUIDE

—offered on easy terms of payment

HERE is an idea and an offer that should interest every man who is determined to do something during the coming year to improve his ability as a business executive. With the Handbook of Business Administration, we will include, free, a comprehensive study outline which shows the reader how to study the book to the best possible advantage and how to apply what he learns to the particular job that he may be doing. In other words, we are giving, in effect, a complete home-study course in business administration, but without any of the frills or the expense inevitably attached to the usual course written for home use.

Donald's HANDBOOK an encyclopedia of modern business policies and methods

Donald's Handbook gives knowledge of functions, principles, policies, problems and methods in all departments of business needed by men who want to direct as well as do. Trains you to plan, supervise and control. Prepared by practical authorities in all fields. Based on methods in actual use by leading concerns. Covers same ground as college courses. Gives the meat of several ordinary textbooks, in crisp, practical, handbook style.

Free—STUDY GUIDE

To help you get the most out of the Handbook, we give you Study Guide, written by the editors of the Handbook, especially to go with it. Guide lays out complete course based on Handbook. Shows how to read it—how to apply it to your job—how to study special divisions or whole field of business management—how to train yourself in business facts that lead most surely to advancement.

10 days' Examination Easy Terms

Donald's Handbook of Administration, 1752 pages, 4 1/2 x 7, flexible, \$7.00. Study Outline free with the Handbook. Pay only \$1.00 in 10 days and \$2.00 monthly for 3 months, or return the course. Send this coupon.

McGraw-Hill Book Co., Inc.
330 West 42d St., New York

Send Donald's HANDBOOK OF BUSINESS ADMINISTRATION and STUDY GUIDE for 10 days' examination on approval. I will remit \$1.00, plus few cents postage, in 10 days and \$2.00 per month for 3 months or return Handbook and Study Guide postpaid, at the end of ten days. (We pay postage on orders accompanied by remittance of first installment.)

Name

Address

City and State

Position

Company BW-11-9-35
(Books sent on approval in U. S. and Canada only.)

South Badgered

Wisconsin carries oleo-butter war to Washington with call for federal tax on South's product.

THE South hasn't scared Wisconsin a bit. Badger State farmers demonstrated that last week when the state Council of Agriculture passed militant resolutions at the annual convention at Marshfield asking Congress to impose a tax of 5¢ per lb. on all oleomargarine made and sold in this country.

The Cotton South-Wisconsin feud started this summer when Wisconsin slapped an additional levy on an already high state oleo tax. Southern states were indignant over this crack at a product that is largely made of cottonseed oil, and a move to boycott Wisconsin dairy products developed.

Wisconsin first replied with statistics showing that the Northern state buys \$24 millions of cottonseed products against a puny \$8 millions of cottonseed oil sold by the entire South to the oleo industry. Now she is replying again by announcing that she will heartily urge additional federal taxes on oleo, falling in line with the National Cooperative Milk Producers Association, which suggested the idea at the last session of Congress.

The basic trouble is that Wisconsin produces milk and the South grows cotton, and products of either can be spread on bread.

Mortgage Move

New York Insurance Department attacks sale of mortgage certificates with repurchase agreement.

COLLAPSE of nearly \$3,000 millions in guaranteed mortgages and mortgage certificates created one of the major tragedies of the depression (BW—Jan 5 '35). Most were issued in New York. Resentment of small holders became so ferocious that the state took over the issues and last year passed a law prohibiting the guaranteeing of new mortgages until July 1, 1936.

Now the New York Insurance Department declares that a way has been found to get around the act. The Investors' Syndicate Title & Guaranty Co. is selling on the instalment plan certificates of interest in group mortgages. These are not guaranteed but the company agrees to repurchase. Such an agreement, says the Insurance Department, "accomplishes substantially" the same result as a guarantee and therefore is forbidden.

The argument was placed before the state attorney-general, who ruled that the plan was legal. Last week the Insurance Department sought a reversal

in the Appellate Division of the state courts. The suit is friendly. In fact the Insurance Department gives the concern an affectionate pat on the back, saying its finances have been kept satisfactory through the depression.

Goodby, Washington

Fogarty withdraws North American Co. from under Administration's unfriendly nose in capital.

THE Administration doesn't want utility holding companies, so James F. Fogarty has decided to withdraw his North American Co. from Washington, where the federal government has direct control. At the same time he will give the utility bankers a chance to prove their claim that there is an investment appetite for utility company common stocks (BW—Not 2'35).

Papers were filed with the Securities and Exchange Commission last week arranging both moves. North American's 62,197 shares out of the 65,000 common shares of Washington Railway & Electric Co. are to be split 25 for 1 and offered to the public, carrying with them control of the capital's electrical power and transit companies.

Fights Utility Act

North American is one of the oldest and largest holding companies, and James F. Fogarty, its president, has been one of the staunchest defenders of the industry in the fight against the death sentence for holding companies. After he disposes of the Washington group of properties there will remain Missouri-Illinois-Iowa, Ohio, and Wisconsin-Michigan groups, and investment interests in properties on the Pacific Coast. So North American is not ending its battle against the Utilities Act of 1935.

The public offering price on the split-up Washington Railway & Electric shares will be \$30, giving the North American Co. \$46.6 millions, less an undisclosed profit to the banking group.

Has Exceptional Record

Such a figure is not substantiation of Mr. Fogarty's observations before a Congressional committee last spring that forced liquidation of holding companies would be destructive to investors' equities in them. But Washington Railway is admitted, even by utility baiters, to be an exceptional company. Its subsidiary, Potomac Electric Power, was originator of the famous "Washington Plan"; its rates and service gave Washington critics no argument, but North American stockholders good dividends.

Furthermore, Mr. Fogarty can declare that this is not forced liquidation, that it is the first major sale since the holding company law was passed, and that it is coming on a hungry investment market.

Editorially Speaking—

It appears that in Texas some congressmen are saying that Harry Hopkins told a House committee, "The government will give each farmer a mare mule so that the mule tribe may be increased." Now fun is fun, and politics is politics, and as a Presidential election approaches there's bound to be a full production schedule of barbed anecdotes—remember the ones they pulled on Al Smith in '28? But Harry Hopkins was born in Sioux City and graduated from Grinnell College, in central Iowa, a region where the facts of life are pretty generally understood, and there's a Grinnell man on our staff who swears that Grinnell never sent forth a son without a profound and comprehensive knowledge of the mule in all its branches, including the obstetrical. Most Grinnell men, he adds, can even tell you all about a hinny.

But there we draw the line. We just don't believe it. Few people anywhere—oh, very, very few—can tell you all about a hinny.

THE dress industry, which makes its living by dressing people up, is reported to be seeking a "czar" in General Johnson, whose specialty is dressing 'em down.

THERE's a lawless and dangerous use of violence by some public officials. The governor of a state sends forth the militia to seize control of the state highway board, in disregard of court procedure. The police commissioner of a great city proclaims that he will "promote any detective who brings in any of these big-shot racketeers and musses him up."

A big-shot racketeer is a big shot not only in the rackets but in politics and the police department. He couldn't be a big shot without police cooperation. To save their own skins, the police may sometimes turn on him and even "muss up" some of his men. Nothing is gained thereby.

Police lawlessness, at its best, is only a lazy substitute for brainy police work. Given a free hand to "muss up" racketeers, policemen are pretty apt to try the same business on honest citizens. And a public "mussing up" order serves to incite a general spirit of violence in the community.

A SORT of abdominal periscope was demonstrated at the recent meeting of the American College of Surgeons, in San Francisco. When there's something wrong inside you and the doctors don't know what it is, they're prone to advise an exploratory operation, which means a roving commission to go inside and look around. Generally, at this sugges-

tion, you're likely to paw your chin and decide to wait awhile. But now the surgeon can make a small incision and insert a thin, hollow metal rod, about a foot long, with a tiny light on the lower end and an eyepiece on the upper. Then, like an oculist with an ophthalmoscope, the surgeon can look within and do his exploring at a safe distance. Perhaps the new instrument needs a lot of improving before it's thoroughly practical. In the long run it will probably save many lives.

ONE of the few innovations in railroad passenger excursion business during recent years has been the mystery train. You buy a ticket at a low rate, spend a couple of hours on a train wondering where you're headed for, and then you're unloaded in some attractive rural region, with liberty to wander around for a few hours before taking the train back to your starting place. The story is told of a provincial Englishman who went to London to enjoy one of these excursions. He got on a mystery train there and it took him back to his own town.

Now the Boston & Maine Railroad has come out with another innovation—the bike-and-hike train. You can take your own bicycle, which will be checked without charge, or you can get one from the stock in the baggage car. There's no mystery about the destination—it's announced in advance. Always it's a lovely region, very pleasant for cyclists. After a few hours on your bike you get back to the train and right willingly relax on the cushions.

THE chain-gang system, says the American Prison Association, is "utterly inconsistent with dictates of humanity." To prevent crime what is needed is not barbarously severe punishment but certain punishment; and convicts on their release should be given a fair chance to go straight, as many of them do. A savage, degrading system like the chain gang is not only an affront to humanity but a crudely ineffective means of preventing crime.

LONG names are a problem for the copyreaders, the men who write newspaper headlines. ROOSEVELT was soon abbreviated to F.D.R., HAUPTMANN to BRUNO, and now the ETHIOPIAN has been restored to his antique name, ETHIOP. Give the copyreaders a little more time and they may cheerfully cut the name down to ETH.

THAT Confederate veteran who recently became a father at 94 is probably looking forward to taking his son on fishing and hunting trips.



Westinghouse Building, Philadelphia

WESTINGHOUSE BUILDING REDUCES HEATING COST

Webster Moderator System Gives
Complete Satisfaction, Saves
\$1,161 in First Year

REDUCTION EXCEEDS ESTIMATE

Philadelphia—The Westinghouse Electric & Manufacturing Company saved more than \$1,100 during the 1934-35 heating season by using the Webster Moderator System to control steam distribution in their large Philadelphia building.

The average annual heating cost before modernization, including cost of fuel, labor and maintenance of equipment, was \$7,360. During the past season, the total cost was \$6,198.38, representing a cash saving of \$1,161.62.

The modernization program was undertaken on the basis of an anticipated heating cost reduction of only \$693, annually. Commenting on this additional saving and the first year's service with the Webster Moderator System, M. H. Jones, of the Westinghouse Co., said:

"It is very gratifying to me to find that our steam costs under the new arrangement are lower than anticipated. I am convinced that we made no mistake. We feel that most of the credit for the success was due to the efficient operation of your control system."

The Webster Moderator System has provided complete satisfaction and, according to Mr. Jones, should show an increasing economy as the maintenance department becomes more familiar with its operation.

In the Westinghouse Building, three floors are devoted to office space, three floors to service space and the remainder of the building is used for storage. To prevent steam from passing into radiators in the storage section, where heat is not required, solid plates were placed in the radiators. Installed direct radiation now in use totals 26,300 square feet.

The installation was made by Bowers Brothers Co., Philadelphia heating contractors.

If you are interested in (1) improved heating service and (2) lower heating cost in your building, address
WARREN WEBSTER & CO., Camden, N. J.
Pioneers of the Vacuum System of Steam Heating
Branches in 69 principal U. S. Cities — Estab. 1898.

See the Webster Exhibit at the
Heating and Ventilating Exposition,
Chicago, January 27 to 31, 1936

NOVEMBER 9, 1935

Measures Against Inflation

Rejecting the specious magic of easy money, leaders of business opinion are now seriously discussing the necessity of averting an inflationary credit boom and a joyriding stock market.

In a speech before the Investment Bankers Association of America, Dr. Benjamin M. Anderson, Jr., economist of the Chase National Bank, has urged much the same course that was outlined in an article in our Oct. 19 issue. The Reserve Board, we said, "could increase the reserves required of member banks against deposits up to twice their present amount, which would cut in half the expansion possibilities in bank credit. It could require the Federal Reserve banks to dump their \$2.5 billions of investments acquired in open-market operations, a process that would mop up all the excess reserves non-member banks now have on deposit at the Reserve."

Dr. Anderson proposes that the Reserve Board require the member banks to increase their reserves, at first by 33 1/3%, and ultimately, perhaps, by 100%. This would greatly reduce the amount of the member banks' funds available for loans. So would his second proposal—that the Reserve Banks let their holdings of government securities, mainly short-term paper, run out at the maturity dates. The new issues of these securities would be bought by the member banks with much of their idle money.

The effect would be to eliminate the \$2 billions of excess reserves piled up by the member banks since early last year. The total excess has lately attained the \$3-billion mark.

This vast reservoir of money is an incentive to rash speculation. And it has not eased money rates; these were easy before. The Reserve Board has been applying an easy money policy since December of 1929. It forced rates down to absurdly low figures by the middle of 1933. Since then the excess reserves of the member banks have grown some \$2 1/2 billions, without causing an important reduction in any rates except those of government bonds.

A big drop in the swollen reserves would raise rates. But there would be no harm in that. For a rate of 3% on commercial paper cannot in-

duce business to borrow when it can see no profitable way to use the money. A 3% rate should be low enough for any commercial borrower.

Nor would government paper sink too far in price, nor its interest rates rise too high, if the Reserve Banks gradually unloaded their hoard. For anything that soothes the general fear of inflation will whet the investor's appetite for bonds, both private and public.

If, on the other hand, the Reserve Banks procrastinate until headstrong inflation is in full course, and then begin unloading their government paper, it may be too late to avert disaster.

With a Presidential election coming on, the Administration appears to welcome the immediate stimulus of credit inflation. Seemingly the responsible officials in Washington hope to act after the election. But the year's delay might prove just enough to give an inflationary credit boom the start it needs to rock the country. Business should use every means in its power to prevent a repetition of the fatal course that the Federal Reserve Board began pursuing before the election of 1928.

Keeping Out Of A European War

"I wish they were in it—I hope that before long they will be in it," says Prime Minister Baldwin, beckoning the United States into the League of Nations. But Mr. Baldwin surely knows that the American people are overwhelmingly averse to joining the League.

It is no use debating what the League might have become if we had joined at the start, as President Wilson wanted us to do. As it now stands, the League is merely the agency of its leading members, used for carrying out their strictly national

policies. As a member of the League we would simply become a part of the balance-of-power jockeying—the working-out of new military alliances.

Britain needs a strong ally, particularly because she has not given France such assurance of security as would strengthen French democracy and make impossible the triumph of Fascism in France. If the Fascists come to power, they may ally themselves with Mussolini and Hitler, and the triple Fascist alliance may turn against Britain, bombarding her with the world's greatest air fleet. Britain would have American sympathy in the event of such a disaster, but it is exceedingly doubtful whether she would get American military support. Our people do not want any share in the next great European war.

Intolerable Strikes On Relief Projects

Two adjacent headlines on the first page of a newspaper recently gave a basic significance to their subject matter by their very juxtaposition. One read:

"WPA Job Program Lags by 2 Million; Relief Costs Rise—Hopkins Has Only 10 Days to Redeem Pledge to Reach his 3,500,000 Goal."

The other was:

"State WPA Strike by Unions Looms — Skilled Workers Demand That Prevailing Wage Be Paid on All Projects Under Way."

The basic idea of federal employment effort was that Mr. Ickes' PWA should finance and direct self-supporting or permanent public improvements of the sort that would eventually be constructed by some governmental agency. Mr. Hopkins' WPA, on the other hand, was to engage in projects which might not be fundamentally economic but would provide relief employment in an emergency. The one was a sound public investment on which union or prevailing wages were to be paid. The other was relief or charity, nothing more.

It is scarcely comprehensible that organized labor would permit a strike against relief work that provides a livelihood for its indigent members or that government relief agencies would tolerate one. But these are strange times!

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York. Tel. MEdallion 3-0700. Price 20¢. Subscription: \$5.00 a year, \$10 for three years, U. S. A. and possessions. Foreign, \$7.50 or 30 shillings. Cable code, McGrawhill

Glenn Griswold
Vice-President and Editor

Ralph B. Smith
Managing Editor

Paul Montgomery
Manager

Marketing, O. Fred. Rost
Industry, Wallace Thompson
Foreign, J. F. Chapman

News Editor, Louis H. Engel
Transportation, Irvin Foos
Typography, F. A. Huxley

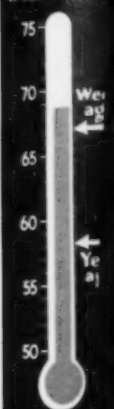
Economist, David Dillman
Finance, Arthur W. Baum
Statistics, R. I. Carlson

Washington, Paul Wooton, Carter Field

NOV. 6
9 3 5



BUSINESS INDICATOR



FOR
beco
Prim
at h